

RUSTENBURG LOCAL MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008

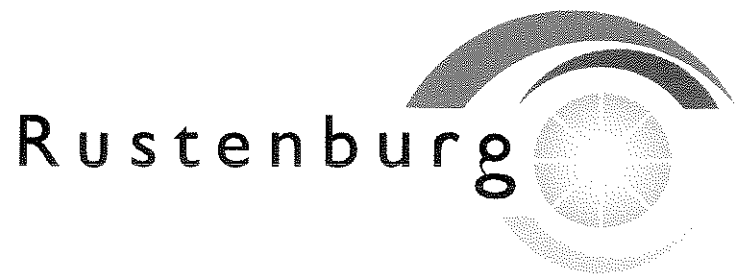


"A successful Rustenburg for the benefit of all"

RUSTENBURG LOCAL MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

NR.	TABLE OF CONTENTS	PAGE
1	Approval of the Consolidated Annual Financial Statements	4
2	Statement of Financial Position	5
3	Statement of Financial Performance	6
4	Statement of Changes in Net Assets: Municipality	7
	Statement of Changes in Net Assets: Group	8
5	Cash Flow Statement	9
6	Accounting Policies to the Consolidated Annual Financial Statements	10
7	Notes to the Consolidated Annual Financial Statements	20
8	APPENDICES:	
8.1	A: Schedule of External Loans	52
8.2	B: Analysis of Property, Plant and Equipment: Municipality	53
	B: Analysis of Property, Plant and Equipment: Group	55
8.3	C: Segmental Analysis of Property, Plant and Equipment: Municipality	57
	C: Segmental Analysis of Property, Plant and Equipment: Group	58
8.4	D: Segmental Statement of Financial Performance: Municipality	59
	D: Segmental Statement of Financial Performance: Group	60
8.5	E(1): Actual versus Budget (Revenue and Expenditure): Municipality	61
	E(1): Actual versus Budget (Revenue and Expenditure): Rustenburg Water Services Trust	62

NR.	TABLE OF CONTENTS(continued)	PAGE
8.6	E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment): Municipality	63
	E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment): Rustenburg Water Services Trust	64
8.7	F: Disclosure in terms of section 123 of the MFMA: Grants and Subsidies received: Municipality	65
	F: Disclosure in terms of section 123 of the MFMA: Grants and Subsidies received: Rustenburg Water Services Trust	66



RUSTENBURG LOCAL MUNICIPALITY

APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

As Accounting Officer, in terms of section 126(1) (a) of the Municipal Finance Management Act, Act no 56 of 2003, I am responsible for the preparation of the Consolidated Annual Financial Statements as set out on pages 1 to 66 and which I have signed on behalf of the Rustenburg Local Municipality.

I certify, in terms of section 124(1) of the Municipal Finance Management Act, that the salaries, allowances and benefits of Councillors as disclosed in the notes to these Consolidated Annual Financial Statements are within the upper limits of the framework envisaged in section 210 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with Act 20 of 1998.

Mr. A.J.F. Boshoff
Municipal Manager

30.09.2008
Date

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

MUNICIPALITY			Note	GROUP	
2007 R	2008 R			2008 R	Restated 2007 R
NET ASSETS AND LIABILITIES					
1,135,222,649	1,208,444,733	Net assets		1,215,806,459	1,150,726,288
63,771,481	16,379,068	Housing Development Fund	1	16,379,068	63,771,481
234,943,847	211,406,143	Capital replacement reserve		211,406,143	234,943,847
246,508,262	216,882,027	Capitalization reserve		216,882,027	246,508,257
309,374,833	382,800,161	Government grant reserve		382,800,161	309,374,838
11,762,500	21,870,225	Donations and public contribution reserves		21,870,225	11,762,500
16,178,140	21,875,000	Self-insurance reserve		21,875,000	16,178,140
252,683,586	337,232,109	Accumulated Surplus/(Deficit)		344,593,835	268,187,225
109,650,935	57,652,501	Non-current liabilities		312,458,354	372,697,199
106,650,935	54,652,501	Long-term liabilities	2	309,458,354	369,697,199
3,000,000	3,000,000	Non-current provisions	3	3,000,000	3,000,000
227,089,133	409,733,147	Current liabilities		420,017,415	231,648,977
18,589,226	19,659,723	Consumer deposits	4	19,659,723	18,589,226
1,233,376	977,239	Provisions	5	977,239	1,233,376
135,509,535	156,204,479	Creditors	6	158,169,104	132,715,561
33,701,542	142,648,944	Unspent conditional grants and receipts	7	142,648,944	33,701,542
36,345,351	38,244,328	VAT	8	38,467,804	37,011,233
1,710,103	51,998,434	Current portion of long-term liabilities	2	60,094,601	8,398,039
1,471,962,717	1,675,830,381	Total Net Assets and Liabilities		1,948,282,228	1,755,072,464
ASSETS					
807,216,298	947,381,974	Non-current assets		1,174,925,220	1,053,864,941
738,469,716	874,172,554	Property, plant and equipment	9	1,105,852,811	989,181,758
59,679,393	67,109,202	Investments	10	67,108,202	59,678,393
9,067,189	6,100,218	Long-term receivables	11	1,964,207	5,004,790
664,746,419	728,448,406	Current assets		773,357,008	701,207,523
12,976,689	14,217,517	Inventory	12	14,217,517	12,976,689
158,049,585	163,179,148	Consumer debtors	13	170,245,106	164,385,313
13,648,730	14,882,443	Other debtors	14	15,368,000	13,907,192
468,572	215,912	Current portion of long-term receivables	11	169,376	435,725
329,594,080	424,777,952	Short-term fixed deposits	15	424,777,952	329,594,080
150,008,763	111,175,434	Bank balances and cash	16	148,579,056	179,908,524
1,471,962,717	1,675,830,381	Total Assets		1,948,282,228	1,755,072,464

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

MUNICIPALITY			GROUP	
2007 R	2008 R		2008 R	Restated 2007 R
REVENUE				
86,741,755	96,188,315	Property rates	96,188,315	86,741,755
652,733,542	719,786,114	Service charges	749,300,249	679,924,342
40,766,099	4,547,078	Rental of facilities and equipment	4,547,078	40,766,099
43,291,068	64,351,217	Interest earned - external investments	67,695,123	45,899,659
31,692,624	50,270,514	Interest earned - outstanding debtors	50,270,514	31,692,624
4,340,411	3,225,523	Fines	3,225,523	4,340,411
10,657	12,871	Dividends received	12,871	10,657
4,321,819	6,012,255	Licenses and permits	6,012,255	4,321,819
7,090,569	9,014,448	Income from Agency services	9,014,448	7,090,569
290,965,088	419,690,414	Grants and subsidies	419,690,414	290,965,088
22,433,653	31,689,896	Other income	31,689,896	22,433,653
7,329,948	7,518,244	Gains on disposal of property, plant and equipment	7,518,244	7,329,948
(885,864)	(2,129,672)	Less: Income foregone	(2,129,672)	(885,864)
<u>1,190,831,369</u>	<u>1,410,177,217</u>	Total Revenue	<u>1,443,035,258</u>	<u>1,220,630,760</u>
EXPENDITURE				
167,835,596	198,402,777	Employee related costs	198,402,777	167,835,596
13,308,449	14,003,778	Remuneration of Councillors	14,003,778	13,308,449
101,275,636	124,375,000	Bad debts provision	124,375,000	101,275,636
11,034,933	4,737,438	Collection costs	4,737,438	11,034,933
64,777,602	75,098,833	Depreciation	97,404,709	84,144,218
20,158,301	24,353,643	Repairs and maintenance	24,353,643	20,158,301
12,939,220	15,486,699	Interest paid	50,212,292	33,114,278
414,944,923	479,934,471	Bulk purchases	466,946,790	400,640,634
47,273,428	58,499,854	Contracted services	54,774,735	46,776,704
161,667	357,986	Grants and subsidies paid	357,986	161,667
206,052,484	296,191,253	General expenses	296,872,538	206,574,538
-	360,921	Loss on disposal of property, plant and equipment	360,921	-
5,598,422	-	Provisions to leave and insurance	-	5,598,422
<u>1,065,360,661</u>	<u>1,291,802,653</u>	Total Expenditure	<u>1,332,802,607</u>	<u>1,090,623,376</u>
<u>125,470,708</u>	<u>118,374,564</u>	SURPLUS/(DEFICIT) FOR THE YEAR	<u>110,232,651</u>	<u>130,007,384</u>

Refer to Appendix E(1) for the comparison with the approved budget

Refer to Appendix E(1) for the comparison with the approved budget

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008 - MUNICIPALITY

	Pre-GAMAP Reserves and Funds	Housing Develop. Fund (Internal)	Housing Develop. Fund (Grant)	Capital Replacement Reserve	Capitalization Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self- Insurance Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R
2007										
Balance at 1 July 2006	-	4,327,785	31,896,720	277,051,987	307,583,755	269,797,315	11,075,989	14,633,430	64,747,345	981,114,326
Correction of error	-	-	-	-	-	-	-	-	3,940,214	3,940,214
Correction of error - Contributions	-	-	-	-	-	-	-	-	(19,284,218)	(19,284,218)
Correction of error - off-setting of depreciation	-	-	-	-	-	-	-	-	36,383,085	36,383,085
Change in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance	-	4,327,785	31,896,720	277,051,987	307,583,755	269,797,315	11,075,989	14,633,430	85,786,426	985,054,540
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	-	-
Transfer to CRR	-	-	-	-	-	-	-	-	-	-
Capital grants used to purchase PPE	-	-	-	4,824,732	-	-	-	-	125,470,708	125,470,708
Contribution from Acc.Surplus: Assets purchased	-	-	-	(90,902,422)	-	-	-	-	(4,824,732)	(4,824,732)
Contribution to Insurance Reserve	-	-	-	-	7,235,914	59,333,583	2,014,590	593,244	90,902,422	90,902,422
Insurance claims processed	-	-	-	-	-	-	-	(100,000)	(68,584,087)	(68,584,087)
Net increase in Housing Development Fund	-	385,606	24,456,529	24,685,332	-	-	-	(252,372)	-	593,244
Transfer to Housing Development Fund	-	-	2,704,841	-	-	-	-	-	-	(100,000)
Contributions to Funds and Reserves-Interest	-	-	-	-	-	-	-	-	-	(252,372)
Asset disposals	-	-	-	-	-	-	-	1,303,838	(2,704,841)	24,456,529
Offsetting of depreciation	-	4,713,391	59,058,090	234,943,847	(31,928,322)	(19,756,065)	(1,328,079)	-	(26,374,776)	-
Balance at 30 June 2007	-	4,713,391	59,058,090	234,943,847	246,508,262	309,374,838	11,762,500	16,178,140	252,683,586	1,135,222,649
2008										
Correction of errors - various	-	-	-	-	(5)	5	-	-	5,999,874	5,999,874
Change in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance	-	4,713,391	59,058,090	234,943,847	246,508,257	309,374,838	11,762,500	16,178,140	258,683,460	1,141,222,523
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	-	-
Transfer to CRR	-	-	-	-	-	-	-	-	-	-
Capital grants used to purchase PPE	-	-	-	50,427,453	-	-	-	-	118,374,564	118,374,564
Contribution from Acc.Surplus: Assets purchased	-	-	-	(102,228,902)	-	-	-	-	(50,427,453)	(50,427,453)
Contribution to Insurance Reserve - Vehicles	-	-	-	-	-	-	-	-	102,228,902	102,228,902
Contribution to Insurance Reserve	-	-	-	-	-	97,362,068	11,571,623	240,066	(108,933,691)	(108,933,691)
Contribution from Insurance Reserve	-	-	-	-	-	-	-	3,844,927	(240,066)	-
Net decrease in Housing Development Fund	-	-	(50,066,947)	-	-	-	-	(334,363)	(3,844,927)	-
Transfer to Housing Development Fund	-	567,021	2,107,514	28,263,745	(329,619)	-	-	1,946,230	334,363	(50,066,947)
Contribution to 2010 FIFA World Soccer-Interest	-	-	-	-	(29,296,611)	(16,394)	-	-	-	-
Contributions to Funds and Reserves-Interest	-	-	-	-	(23,920,351)	(23,920,351)	(1,463,898)	-	(1,085,406)	(1,085,406)
Asset disposals	-	-	-	-	-	-	-	-	(32,884,510)	-
Offsetting of depreciation	-	5,280,412	11,098,657	211,406,143	216,882,027	382,800,161	21,870,225	21,875,000	54,680,860	1,208,444,732
Balance at 30 June 2008	-	5,280,412	11,098,657	211,406,143	216,882,027	382,800,161	21,870,225	21,875,000	337,232,109	1,208,444,732

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008 - GROUP

	Pre-GAMAP Reserves and Funds R	Housing Develop. Fund (Internal) R	Housing Develop. Fund (Grant) R	Capital Replacement Reserve R	Capitalization Reserve R	Government Grant Reserve R	Donations and Public Contribution Reserve R	Self- Insurance Reserve R	Accumulated Surplus/ (Deficit) R	Total R
2007										
Balance at 1 July 2006	-	4,327,785	31,896,720	277,051,987	307,583,755	269,797,315	11,075,989	14,633,430	75,714,308	992,081,289
Correction of error	-	-	-	-	-	-	-	-	3,940,214	3,940,214
Correction of error - Contributions	-	-	-	-	-	-	-	-	(19,284,218)	-
Correction of error - off-setting of depreciation	-	-	-	-	-	-	-	-	36,383,085	-
Change in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance	-	4,327,785	31,896,720	277,051,987	307,583,755	269,797,315	11,075,989	14,633,430	96,753,389	996,021,503
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	-	-
Transfer to CRR	-	-	-	4,824,732	-	-	-	-	130,007,384	130,007,384
Capital grants used to purchase PPE	-	-	-	(90,902,422)	-	-	-	-	(4,824,732)	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	-	-	-	90,902,422	-
Contribution to Insurance Reserve	-	-	-	-	-	-	-	-	(68,584,087)	-
Contribution from Insurance Reserve	-	-	-	-	-	-	-	593,244	-	593,244
Insurance claims processed	-	-	-	-	-	-	-	(100,000)	-	(100,000)
Net increase in Housing Development Fund	-	-	24,456,529	-	-	-	-	(252,372)	-	(252,372)
Transfer to Housing Development Fund	-	385,606	2,704,841	24,685,332	-	-	-	-	-	-
Contributions to Funds and Reserves-Interest	-	-	-	-	-	-	-	1,303,838	(2,704,841)	-
Asset disposals	-	-	-	-	-	-	-	-	(26,374,776)	-
Offsetting of depreciation	-	-	-	-	(31,928,322)	(19,756,065)	(1,328,079)	-	53,012,466	-
Balance at 30 June 2007	-	4,713,391	59,058,090	234,943,847	246,508,262	309,374,833	11,762,500	16,178,140	268,187,225	1,150,726,288
2008										
Correction of errors - various	-	-	-	-	(5)	5	-	-	5,999,874	5,999,874
Change in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance	-	4,713,391	59,058,090	234,943,847	246,508,257	309,374,838	11,762,500	16,178,140	274,187,099	1,156,726,162
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	110,232,651	110,232,651
Transfer to CRR	-	-	-	50,427,453	-	-	-	-	(50,427,453)	-
Capital grants used to purchase PPE	-	-	-	(102,228,902)	-	-	-	-	102,228,902	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	-	-	-	(108,833,691)	-
Contribution to Insurance Reserve - Vehicles	-	-	-	-	-	-	-	240,066	(240,066)	-
Contribution to Insurance Reserve	-	-	-	-	-	97,362,068	11,571,523	3,844,927	(3,844,927)	-
Contribution from Insurance Reserve	-	-	(50,066,947)	-	-	-	-	(334,363)	334,363	-
Net decrease in Housing Development Fund	-	-	-	-	-	-	-	-	-	(50,066,947)
Transfer to Housing Development Fund	-	-	2,107,514	28,263,745	-	-	-	1,946,230	(1,085,406)	-
Contribution to 2010 FIFA World Soccer-Interest	-	567,021	-	-	(329,619)	(16,394)	(1,463,898)	-	(32,884,510)	-
Contributions to Funds and Reserves-Interest	-	-	-	-	(29,296,611)	(23,920,351)	-	-	346,013	-
Asset disposals	-	-	-	-	-	-	-	-	54,680,860	-
Offsetting of depreciation	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2008	-	5,280,412	11,098,657	211,406,143	216,882,027	382,800,161	21,870,225	21,875,000	344,593,835	1,215,806,460

RUSTENBURG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

MUNICIPALITY				GROUP	
2007 Restated R	2008 R		Note	2008 R	Restated 2007 R
CASH FLOW FROM OPERATING ACTIVITIES					
1,154,513,060	1,490,717,997	Cash receipts from ratepayers, government and other		1,523,780,433	1,217,955,490
(971,974,531)	(1,325,402,510)	Cash paid to suppliers and employees		(1,309,440,363)	(1,000,130,094)
182,538,529	165,315,487	Cash generated from/(utilized in) operations	28	214,240,368	217,825,396
10,657	12,871	Dividends received		12,871	10,657
74,778,125	114,621,731	Interest received		117,965,637	77,592,283
(12,939,220)	(15,486,699)	Interest paid		(50,212,292)	(33,114,278)
<u>244,388,091</u>	<u>264,463,390</u>	NET CASH FROM OPERATING ACTIVITIES		<u>282,006,584</u>	<u>262,314,058</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(179,486,509)	(211,162,592)	Purchase of property, plant and equipment		(214,436,683)	(224,678,830)
7,940,273	7,879,165	Proceeds on disposal of property, plant and equipment		7,879,165	7,940,273
3,012,909	3,239,995	(Increase)/decrease in non-current receivables		3,306,933	3,012,909
(7,426,109)	(7,429,810)	Increase in non-current investments		(7,429,809)	(7,426,109)
<u>(175,959,436)</u>	<u>(207,473,241)</u>	NET CASH FROM INVESTING ACTIVITIES		<u>(210,680,394)</u>	<u>(221,151,758)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
18,885,219	(1,710,103)	New loans raised/(repaid)		(8,542,283)	37,263,708
1,774,710	1,070,497	Increase in consumer deposits		1,070,497	1,774,710
<u>20,659,929</u>	<u>(639,606)</u>	NET CASH FROM FINANCING ACTIVITIES		<u>(7,471,786)</u>	<u>39,038,418</u>
<u>89,088,584</u>	<u>56,350,543</u>	NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>63,854,404</u>	<u>80,200,718</u>
390,514,260	479,602,843	Cash and cash equivalents at the beginning of the year	29	509,502,604	429,301,886
479,602,843	535,953,386	Cash and cash equivalents at the end of the year	29	573,357,008	509,502,604
<u>(89,088,583)</u>	<u>(56,350,543)</u>			<u>(63,854,404)</u>	<u>(80,200,718)</u>

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1. BASIS OF PRESENTATION

The Consolidated Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP).

The Standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GAMAP 4	Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 6, 7 & 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the Standards listed above. Details of the exemptions offered and applied for have been listed together with an indication of the process that the municipality will follow regarding plans to implement the exemptions in the notes to the Annual Financial Statements.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

The principal accounting policies adopted in the preparation of these Consolidated Annual Financial Statements are set out below:

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (Continued)**

2. PRESENTATION CURRENCY

These Consolidated Annual Financial Statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These Consolidated Annual Financial Statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The following provisions are set for the creation, feasibility and utilization of the CRR:

- ≈ The cash funds which back up the CRR are invested until utilized. The cash may only be invested in accordance with the investment policy of the Municipality.
- ≈ The CRR can only be utilised to finance items of property, plant and equipment and may not be used for the maintenance of these items.
- ≈ Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.
- ≈ Profit on the sale of land during a financial year is reflected in the Statement of Financial Performance. Profit on the sale of land more than budgeted is transferred annually via the Statement of Changes in Net Assets to the CRR, provided that it cash backed.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus in terms of a directive (budget circular) issued by National Treasury.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

Capitalisation Reserve (Continued)

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus via the Statement of Changes in Net Assets.

5.4 Public Contributions Reserve

When items of property, plant and equipment are financed from donations or public contributions, a transfer is made from the accumulated surplus to the Public Contributions Reserve equal to the donations or public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

5.5 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally and/or cover the cost of excess payments when claims arise on assets insured externally.

The balance of the Self-Insurance Reserve is annually determined and adjusted after the compilation of the Annual Financial Statements to at least 2, 5% of the carrying value of property, plant and equipment on 30 June, subject to the past claims history and the insurance risk carried by the Municipality. The Self-Insurance Reserve is maintained by a transfer to the accumulated surplus. Short-term investments are earmarked and set aside to ensure that the reserve is cash backed.

Claims and/or excess payments are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

Interest earned on the balance of the Self-Insurance Reserve is recorded as interest earned in the Statement of Financial Performance and is transferred to the Self-Insurance Reserve via the Statement of Changes in Net Assets as a contribution.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>	<i>Other</i>	<u>Years</u>
Infrastructure			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and equipment	10-15
Buildings 30		Other items of plant and equipment	2-5
Recreational Facilities	20-30	Landfill sites	15
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

7. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at historical cost and no revaluation is done.

8. INVESTMENTS

8.1 Financial Instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2 Investment in Municipal Entities

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate Consolidated Annual Financial Statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments, whilst eliminating transactions between the municipality and the entity.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

12.1 Revenue from Exchange Transactions (continued)

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

12.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

19. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

20. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

21. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

22. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

23. COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the Consolidated Annual Financial Statements for the current financial year only.

20.2 Prior year comparatives:

When the presentation or classification of items in the Consolidated Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

MUNICIPALITY			GROUP	
2007	2008		2008	Restated 2007
R	R		R	R
1 HOUSING DEVELOPMENT FUND				
63,771,481	16,379,068	Housing Development Fund	16,379,068	63,771,481
59,058,090	11,098,657	Unappropriated Surplus	11,098,657	59,058,090
4,713,390	5,280,411	Loans extinguished by Government on 1 April 1998 (Old Housing Development Fund)	5,280,411	4,713,390
The Housing Development Fund is represented by the following assets and liabilities				
55,513,999	20,995,560	Bank Account	20,995,560	55,513,999
-	(469,447)	Unspecified income related to Housing	(469,447)	-
2,015,769	4,863,974	Debtors - VAT claimable	4,863,974	2,015,769
(2,205,405)	(15,500,068)	Creditors-housing	(15,500,068)	(2,205,405)
(169,053)	(84,903)	Other	(84,903)	(169,053)
(2,869,834)	(5,479,074)	Housing - retention	(5,479,074)	(2,869,834)
151,085	151,085	Adjustments to VAT pay over	151,085	151,085
6,621,529	6,621,529	Amount to be carried from Primary Account to ring fence housing	6,621,529	6,621,529
59,058,090	11,098,657	Total Housing Development Fund Assets and Liabilities	11,098,657	59,058,090
2 LONG-TERM LIABILITIES				
Other long-term loans				
50,000,000	50,000,000	- INCA Loan	50,000,000	50,000,000
18,883,046	18,237,943	- ABSA Loan - First draw down	18,237,943	18,883,046
19,477,991	18,910,316	- ABSA Loan - Second draw down	18,910,316	19,477,991
20,000,000	19,502,675	- ABSA Loan - Third and final draw down	19,502,675	20,000,000
Rustenburg Water Services Trust (RWST) liabilities				
-	-	- ABSA loan - Capital and capitalized interest(2007: Only capital)	262,902,020	223,998,119
-	-	- ABSA loan: Capitalized interest	-	45,736,081
108,361,037	106,650,934	Sub-total	369,552,954	378,095,237
1,710,103	51,998,434	Less : Current portion transferred to current liabilities	60,094,601	8,398,039
-	50,000,000	- INCA loan - Redeemable in April 2009	50,000,000	-
645,103	748,788	- ABSA Loan - First draw down - 30 June 2005	748,788	645,103
567,675	663,525	- ABSA Loan - Second draw down - 30 June 2006	663,525	567,675
497,325	586,120	- ABSA Loan - Third and final draw down - 30 June 2007	586,120	497,325
-	-	- ABSA Loan (RWST)	8,096,167	6,687,936
106,650,935	54,652,501	Total External Loans	309,458,354	369,697,199

Refer to Appendix A for more detail on long-term liabilities

INCA Loan

Bears interest at 16.5% per annum and will be fully redeemed with a redemption fund investment made at INCA specifically for this purpose. The loan will be redeemed on 23 April 2009. Refer to note on investments on the current value of the redemption fund. Agreement have already been reached with INCA that a new loan of R50 million will be granted to the municipality.

ABSA Loan

Bears respectively interest from first draw down at 11.92%, 12.02% and 12.14% and is repayable within 15 years from drawdown.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

MUNICIPALITY			GROUP	
2007	2008		2008	Restated 2007
R	R		R	R
ABSA Loan: Entity				
The loan is secured by:				
<ul style="list-style-type: none"> • a general notarial bond over the movable assets of the Trust. • cession of the Rustenburg Lease Agreement • the Debt Service Reserve Account, the Contingency Reserve Account and the Industrial Contingency Reserve Account. 				
The loan bears interest at a rate, 12.8044% NACM and is repayable over a period of 15 years.				
3 NON-CURRENT PROVISIONS				
3,000,000	3,000,000	Provision for long-service	3,000,000	3,000,000
<u>3,000,000</u>	<u>3,000,000</u>	Total Non-Current Provisions	<u>3,000,000</u>	<u>3,000,000</u>
The long-service award is payable after every 5 years of continuous service.				
The provision is an estimate of the long-service based on historical staff turnover.				
The movement in the provision for long-service awards are reconciled as follows:				
4,159,153	4,233,376	Balance at beginning of year	4,233,376	4,159,153
74,224	-	Contributions to provision	-	74,224
-	(256,137)	Expenditure incurred/leave taken	(256,137)	-
(1,233,376)	(977,239)	Transfer to current provisions	(977,239)	(1,233,376)
<u>3,000,000</u>	<u>3,000,000</u>	Balance at end of year	<u>3,000,000</u>	<u>3,000,000</u>
4 CONSUMER DEPOSITS				
<u>18,589,226</u>	<u>19,659,723</u>	Electricity and Water	<u>19,659,723</u>	<u>18,589,226</u>
No interest are paid on consumer deposits received.				
<u>28,097,117</u>	<u>30,706,801</u>	Guarantees held in lieu of Electricity and Water Deposits	<u>30,706,801</u>	<u>28,097,117</u>
5 PROVISIONS				
1,233,376	977,239	Current portion of long-service provision (see note 3 above)	977,239	1,233,376
<u>1,233,376</u>	<u>977,239</u>	Total Provisions	<u>977,239</u>	<u>1,233,376</u>
The movement in the current portion of long-service provisions are reconciled as follows:				
1,159,152	1,233,377	Balance at beginning of year	1,233,376	1,159,152
74,224	-	Transfer from non-current	-	74,224
-	-	Contributions to provision	-	-
-	(256,137)	Expenditure incurred / leave taken	(256,137)	-
<u>1,233,376</u>	<u>977,239</u>	Balance at end of year	<u>977,238</u>	<u>1,233,376</u>

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

MUNICIPALITY			GROUP	
2007	2008		2008	Restated 2007
R	R		R	R
6 CREDITORS				
79,642,002	85,247,873	Trade creditors	87,212,498	76,848,028
8,906,913	14,857,656	Payments received in advance	14,857,656	8,906,913
9,253,170	16,351,690	Retentions	16,351,690	9,253,170
16,579,145	19,232,720	Staff leave	19,232,720	16,579,145
12,036,941	12,412,205	Unspecified income/unallocated grants	12,412,205	12,036,941
9,091,364	8,102,335	Other creditors	8,102,335	9,091,364
135,509,535	156,204,479	Total Creditors	158,169,104	132,715,561

7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

7.1 Conditional Grants from other spheres of Government				
8,264,726	44,161,004	MIG Grants	44,161,004	8,264,726
4,678,970	3,751,950	Bojanala Platinum District Municipality	3,751,950	4,678,970
3,462,676	3,462,676	Finance Management Grant	3,462,676	3,462,676
2,578,876	31,292,786	Public Transport Infrastructure	31,292,786	2,578,876
-	3,500,000	Other conditional grants - Upgrading of fire stations	3,500,000	-
5,488,645	2,835,854	DASA - Tlhabane Library Grant	2,835,854	5,488,645
130,205		Umsobomvu Youth Fund		130,205
4,057,991	48,362,926	FIFA 2010 World Cup - See also note 16.3	48,362,926	4,057,991
111,275	257,825	MSIP Grant	257,825	111,275
159,035		IMMIS Grant		159,035
100,000	19,933	DWAF Greening Strategy	19,933	100,000
1,200,000	1,986,498	Magalies Water	1,986,498	1,200,000
1,123,426	1,123,427	SEED funding	1,123,427	1,123,426
497,580	497,580	DWAF - Water Services Development Plan	497,580	497,580
675,810	622,357	DME - Boitekong	622,357	675,810
114,103		IDP Grant		114,103
7.2 Other Conditional Receipts				
1,058,224	774,128	Public contributions	774,128	1,058,224
33,701,542	142,648,944	Total Conditional Grants and Receipts	142,648,944	33,701,542

See Note 19 for reconciliation of grants from other spheres of government.
These amounts are not yet invested in a ring-fenced investment until utilized.

8 VAT

36,345,351	38,244,328	Net VAT payable	38,467,804	37,011,233
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VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

9. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2008 - MUNICIPALITY

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing (Rental Old Age)	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2007	78,915,716	521,747,140	53,620,747	429,115	80,193,569	3,563,429	-	738,469,716
Cost after reclassification	108,030,193	854,771,938	97,944,386	429,115	166,063,185	4,753,493	-	1,231,992,310
Cost	108,030,193	854,771,938	97,944,386	429,115	166,063,185	4,753,493	-	1,231,992,310
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after reclassification	29,114,477	333,024,798	44,323,639	-	85,869,816	1,190,064	-	493,522,594
Cost	29,114,477	333,024,798	44,323,639	-	85,869,816	1,190,064	-	493,522,594
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	32,189,681	143,545,277	2,304,118	-	33,123,516	-	-	211,162,592
Capital under Construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	2,580,291	45,708,929	3,871,008	-	22,794,808	143,797	-	75,098,833
- based on cost	2,580,291	45,708,929	3,871,008	-	22,794,808	143,797	-	75,098,833
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	10,864	-	-	350,057	-	-	360,921
Cost/revaluation	-	20,296	-	-	5,450,630	-	-	5,470,926
Accumulated depreciation	-	(9,432)	-	-	(5,100,573)	-	-	(5,110,005)
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2008	108,525,106	619,572,624	52,053,857	429,115	90,172,220	3,419,632	-	874,172,554
Cost	140,219,874	998,296,919	100,248,504	429,115	193,736,071	4,753,493	-	1,437,683,976
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	31,694,768	378,724,295	48,194,647	-	103,563,851	1,333,861	-	563,511,422
- Cost	31,694,768	378,724,295	48,194,647	-	103,563,851	1,333,861	-	563,511,422
- Revaluation	-	-	-	-	-	-	-	-

30 JUNE 2007 - MUNICIPALITY

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing (Rental Old Age)	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006	70,993,051	441,549,592	55,008,743	429,115	52,073,475	3,706,833	-	623,760,809
Cost after reclassification	97,921,918	731,693,945	95,541,968	429,115	122,165,362	4,753,493	-	1,052,505,801
Cost	102,188,998	691,166,480	92,261,315	466,589	161,040,495	4,781,926	-	1,052,505,801
Correction of reclassification	(4,267,079)	40,527,465	3,280,653	(37,474)	(39,475,133)	(28,433)	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after reclassification	26,928,667	290,144,353	40,533,225	-	70,091,887	1,046,660	-	428,744,992
Cost	29,530,816	284,418,331	38,233,706	8,843	75,499,920	1,053,376	-	428,744,992
Correction of reclassification	(2,601,949)	5,726,022	2,299,519	(8,843)	(5,408,033)	(6,716)	-	-
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	10,108,275	123,077,993	2,402,418	-	43,897,823	-	-	179,486,509
Capital under Construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	2,185,610	42,880,445	3,790,414	-	15,777,729	143,404	-	64,777,602
- based on cost	2,185,610	42,880,445	3,790,414	-	15,777,729	143,404	-	64,777,602
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2007	78,915,716	521,747,140	53,620,747	429,115	80,193,569	3,563,429	-	738,469,716
Cost	108,030,193	854,771,938	97,944,386	429,115	166,063,185	4,753,493	-	1,231,992,310
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	29,114,477	333,024,798	44,323,639	-	85,869,816	1,190,064	-	493,522,594
- Cost	29,114,477	333,024,798	44,323,639	-	85,869,816	1,190,064	-	493,522,594
- Revaluation	-	-	-	-	-	-	-	-

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done before 30 June 2010.

9. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2008 - GROUP

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing (Rental Old Age)	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2007	78,915,716	768,768,853	53,620,747	429,115	80,193,569	3,563,429	3,690,329	989,181,758
Cost after reclassification	108,030,193	1,122,479,076	97,944,386	429,115	166,063,185	4,753,493	4,115,610	1,503,815,058
Cost	108,030,193	1,122,479,076	97,944,386	429,115	166,063,185	4,753,493	4,115,610	1,503,815,058
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after reclassification	29,114,477	353,710,223	44,323,639	-	85,869,616	1,190,064	425,281	514,633,300
Cost	29,114,477	353,710,223	44,323,639	-	85,869,616	1,190,064	425,281	514,633,300
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	32,189,681	146,819,368	2,304,118	-	33,123,516	-	-	214,436,683
Capital under Construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	2,580,291	67,850,181	3,871,008	-	22,794,808	143,797	164,624	97,404,709
- based on cost	2,580,291	67,850,181	3,871,008	-	22,794,808	143,797	164,624	97,404,709
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	10,864	-	-	350,057	-	-	360,921
Cost/revaluation	-	20,296	-	-	5,450,630	-	-	5,470,926
Accumulated depreciation	-	(9,432)	-	-	(5,100,573)	-	-	(5,110,005)
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2008	108,525,106	847,727,176	52,053,857	429,115	90,172,220	3,419,632	3,525,705	1,105,852,811
Cost	140,219,874	1,269,278,148	100,248,504	429,115	193,736,071	4,753,493	4,115,610	1,712,780,815
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	31,694,768	421,550,972	48,194,647	-	103,563,851	1,333,861	589,905	606,928,004
- Cost	31,694,768	421,550,972	48,194,647	-	103,563,851	1,333,861	589,905	606,928,004
- Revaluation	-	-	-	-	-	-	-	-

30 JUNE 2007 - GROUP

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing (Rental Old Age)	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006	70,993,051	662,580,976	55,008,743	429,115	52,073,475	3,706,833	3,854,955	848,647,148
Cost after reclassification	97,921,918	954,208,761	95,541,968	429,115	122,165,362	4,753,493	4,115,610	1,279,136,227
Cost	102,188,996	913,681,256	92,261,315	466,589	161,640,495	4,781,926	4,115,610	1,279,136,227
Correction of reclassification	(4,267,078)	40,527,465	3,280,653	(37,474)	(39,475,133)	(28,433)	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after reclassification	26,928,867	291,627,785	40,533,225	-	70,091,887	1,046,660	260,655	430,489,079
Cost	26,930,816	285,901,783	38,233,706	8,843	75,499,920	1,053,376	260,655	430,488,079
Correction of reclassification	(2,601,949)	5,726,022	2,299,519	(8,943)	(5,408,033)	(6,716)	-	-
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	10,108,275	123,077,993	2,402,418	-	43,897,823	-	-	179,486,509
Capital under Construction	-	45,192,322	-	-	-	-	-	45,192,322
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	2,185,610	62,082,438	3,790,414	-	15,777,729	143,404	164,626	84,144,221
- based on cost	2,185,610	62,082,438	3,790,414	-	15,777,729	143,404	164,626	84,144,221
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2007	78,915,716	768,768,853	53,620,747	429,115	80,193,569	3,563,429	3,690,329	989,181,758
Cost	108,030,193	1,122,479,076	97,944,386	429,115	166,063,185	4,753,493	4,115,610	1,503,815,058
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	29,114,477	353,710,223	44,323,639	-	85,869,616	1,190,064	425,281	514,633,300
- Cost	29,114,477	353,710,223	44,323,639	-	85,869,616	1,190,064	425,281	514,633,300
- Revaluation	-	-	-	-	-	-	-	-

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done before 30 June 2010.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

25

MUNICIPALITY		GROUP		
2007	2008		2008	Restated 2007
R	R		R	R
As at 30 June 2007				
Service debtors		713,897,489	552,006,911	161,890,578
Rates		82,827,165	63,889,798	18,737,367
Electricity		85,814,473	66,354,320	19,460,153
Water		239,065,727	184,852,777	54,212,950
Refuse		80,238,408	62,042,739	18,195,669
Sewerage		66,796,933	51,649,388	15,147,545
Other		159,354,783	123,217,889	36,136,894
Housing rentals		2,092,636	1,618,089	474,547
Sub-total		715,990,125	553,625,000	162,365,125
Less: Consumer debtors transferred under Wa Wina project to Long-term Debtors		(124,315,540)	(120,000,000)	(4,315,540)
Total: Consumer debtors		591,674,585	433,625,000	158,049,585
CONSUMER DEBTORS: GROUP				
		Gross	Provision for	Net
		Balances	Bad debts	Balances
As at 30 June 2008				
Service debtors		847,450,111	676,161,973	171,288,138
Rates		95,848,422	77,118,372	18,730,050
Electricity		100,039,286	80,490,286	19,549,000
Water		265,343,552	213,491,912	51,851,640
Refuse		93,120,437	74,923,472	18,196,965
Sewerage		83,920,745	62,205,158	21,715,587
Other		209,177,669	167,932,773	41,244,896
Housing rentals		2,284,436	1,838,027	446,409
Sub-Total		849,734,547	678,000,000	171,734,547
Less: Consumer debtors transferred under Wa Wina project to Long-term Debtors		(121,489,441)	(120,000,000)	(1,489,441)
Total: Consumer debtors		728,245,106	558,000,000	170,245,106
As at 30 June 2007				
Service debtors		720,233,217	552,006,911	168,226,306
Rates		82,627,165	63,889,798	18,737,367
Electricity		85,814,473	66,354,320	19,460,153
Water		239,065,727	184,852,777	54,212,950
Refuse		80,238,408	62,042,739	18,195,669
Sewerage		72,754,653	51,649,388	21,105,265
Other		159,732,791	123,217,889	36,514,902
Housing rentals		2,092,636	1,618,089	474,547
Sub-total		722,325,853	553,625,000	168,700,853
Less: Consumer debtors transferred under Wa Wina project to Long-term Debtors		(124,315,540)	(120,000,000)	(4,315,540)
Total: Consumer debtors		598,010,313	433,625,000	164,385,313
Consumer debtors: Ageing - Wa Wina excluded				
Current			93,406,948	88,678,119
30 Days (0 – 30 days)			36,968,327	40,165,312
31 - 60 Days			22,854,973	28,127,576
61 - 90 Days			22,576,832	28,219,187
91 - 120 Days			27,756,854	17,208,076
120+ Days			524,681,172	395,612,043
Total			728,245,106	598,010,313
Rates: Ageing - Wa Wina excluded				
Current			7,539,902	6,898,635
30 Days (0 – 30 days)			4,534,756	4,057,133
31 - 60 Days			2,796,792	2,561,268
61 - 90 Days			2,256,200	2,306,624
91 - 120 Days			2,058,011	2,210,059
120+ Days			62,052,430	49,581,642
Total			81,238,091	67,615,361
(Electricity, Water, Sewerage, refuse and other): Ageing				
Current			85,676,555	81,779,484
30 Days (0 – 30 days)			32,332,206	35,994,873
31 - 60 Days			20,019,708	25,505,090
61 - 90 Days			20,281,143	25,861,099
91 - 120 Days			25,673,996	14,936,594
120+ Days			460,738,970	344,225,176
Total			644,722,578	528,302,316
Housing rentals: Ageing				
Current			190,491	-
30 Days (0 – 30 days)			101,365	113,306
31 - 60 Days			38,473	61,218
61 - 90 Days			39,488	51,464
91 - 120 Days			24,847	61,423
120+ Days			1,889,773	1,805,225
Total			2,284,437	2,092,636

MUNICIPALITY		GROUP			
2007 R	2008 R		2008 R	Restated 2007 R	
Summary of debtors by Customer Classification as at 30 June 2008: Wa Wina excluded: Municipality					
		Residential	Other	Industrial & Commercial	National & Provincial Government
Current		29,542,033	24,994,692	43,320,086	106,613
30 Days (0 – 30 days)		23,506,423	3,595,486	6,187,323	12,826
31 - 60 Days		17,613,204	2,024,921	2,258,849	7,571
61 - 90 Days		14,076,955	5,792,934	1,681,460	6,639
91 - 120 Days		14,058,342	10,868,763	2,190,618	5,765
120+ Days		441,308,890	36,226,487	41,707,795	84,476
Total		540,105,847	83,503,283	97,346,131	223,890
Summary of debtors by Customer Classification as at 30 June 2008: Wa Wina excluded: Group					
		Residential	Other	Industrial & Commercial	National & Provincial Government
Current		29,542,033	24,994,692	47,586,986	106,613
30 Days (0 – 30 days)		23,506,423	3,595,486	8,963,912	12,826
31 - 60 Days		17,613,204	2,024,921	2,258,849	7,571
61 - 90 Days		14,076,955	5,792,934	1,681,460	6,639
91 - 120 Days		14,058,342	10,868,763	2,190,618	5,765
120+ Days		441,308,890	36,226,487	41,707,795	106,942
Total		540,105,847	83,503,283	104,389,620	246,356
The summary of debtors by Customer Classification as at 30 June 2007 is not available as a comparative amount as it is the first time that the reporting systems allow for such information to be disclosed					
Reconciliation of the bad debt provision					
452,349,364	553,625,000		553,625,000	452,349,364	
101,275,636	124,375,000		124,375,000	101,275,636	
-	-		-	-	
-	-		-	-	
553,625,000	678,000,000		678,000,000	553,625,000	
Bad debts to the amount of R 608 524 (2007: R 6 571 333) was written off during the year.					
14 OTHER DEBTORS					
7,543,615	6,389,891		6,389,891	7,543,615	
486,555	888,400		888,400	486,555	
1,827,394	1,827,394		1,827,394	1,827,394	
2,659,041	4,550,312		4,550,312	2,659,041	
225,931	-		-	-	
906,194	1,226,445		1,712,002	1,390,587	
13,648,730	14,882,443		15,368,000	13,907,192	
15 SHORT-TERM FIXED DEPOSITS					
50,000,000	90,000,000		90,000,000	50,000,000	
50,000,000	75,000,000		75,000,000	50,000,000	
100,000,000	100,000,000		100,000,000	100,000,000	
24,600,125	27,221,397		27,221,397	24,600,125	
590,000	590,000		590,000	590,000	
24,403,955	26,966,555		26,966,555	24,403,955	
80,000,000	105,000,000		105,000,000	80,000,000	
329,594,080	424,777,952		424,777,952	329,594,080	
Certain of the above deposits have been earmarked to cover the balance of the Capital Replacement Reserve (CRR), the Self-Insurance Reserve and Development of Housing. The average interest earned on these fixed deposits was 12.03% (2007: 8.91%)					
16 BANK BALANCES AND CASH					
16.1 Current Account (Primary Bank Account)					
48,456,683	90,411,313		90,411,313	48,456,683	
90,411,313	41,788,587		41,788,587	90,411,313	
81,993,256	106,732,049		106,732,049	81,993,256	
106,732,049	99,099,207		99,099,207	106,732,049	
The Municipality does not utilize overdraft facilities, although an overdraft facility of R1 468 863 has been granted by ABSA.					
16.2 Housing Development Account					
21,206,334	55,513,999		55,513,999	21,206,334	
55,513,999	20,995,560		20,995,560	55,513,999	
39,020,747	63,870,481		63,870,481	39,020,747	
63,870,481	21,339,700		21,339,700	63,870,481	
16.3 2010 FIFA World Soccer Bank account					
-	4,057,991		4,057,991	-	
4,057,991	48,362,926		48,362,926	4,057,991	
-	4,057,991		4,057,991	-	
4,057,991	52,362,926		52,362,926	4,057,991	

MUNICIPALITY		GROUP	
2007 R	2008 R	2008 R	Restated 2007 R
16.4 Current Account (Primary Bank Account) - RWST			
ABSA, Distribution Reserve Account Account number: 4061024001			
Cash book balance at beginning of year		24,680,866	2,474,806
Cash book balance at end of year		16,313,901	24,680,866
Bank statement balance at beginning of year		45,985,904	2,474,806
Bank statement balance at end of year		53,204,320	45,985,904
The Trust does not have any overdraft facilities.			
16.5 Rustenburg Deposit Account - RWST			
ABSA, Rustenburg Deposit Account Account number: 4061023940			
Cash book balance at beginning of year		5,217,253	36,308,307
Cash book balance at end of year		912,189	5,217,253
Bank statement balance at beginning of year		5,217,253	36,308,307
Bank statement balance at end of year		912,189	5,217,253
16.6 Contingency Reserve Account - RWST			
ABSA, Contingency Reserve Account Account number: 4061024116			
Cash book balance at beginning of year		547	104
Cash book balance at end of year		(46)	547
Bank statement balance at beginning of year		547	104
Bank statement balance at end of year		(46)	547
16.7 Industrial Reserve Account - RWST			
ABSA, Industrial Reserve Account Account number: 4061024051			
Cash book balance at beginning of year		547	104
Cash book balance at end of year		(46)	547
Bank statement balance at beginning of year		547	104
Bank statement balance at end of year		(46)	547
16.8 ABSA 5			
ABSA, Debt Service Reserve Account Account number: 4061023877			
Cash book balance at beginning of year		547	104
Cash book balance at end of year		20,177,623	547
Bank statement balance at beginning of year		547	104
Bank statement balance at end of year		20,177,623	547
16.9 ABSA 6			
ABSA, 6 Extra Account Account number: 4059735143			
Cash book balance at beginning of year		-	4,201
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		-	4,201
Bank statement balance at end of year		-	-
Bank and cash balances at end of year:			
149,983,303	111,147,074	148,550,896	179,893,064
25,460	28,360	28,360	25,460
150,008,763	111,175,434	148,579,056	179,908,524
17 PROPERTY RATES			
Actual			
49,499,107	55,216,497	55,216,497	49,499,107
31,834,129	35,370,101	35,370,101	31,834,129
1,795,643	1,868,275	1,868,275	1,795,643
3,612,876	3,733,442	3,733,442	3,612,876
86,741,755	96,188,315	96,188,315	86,741,755
Total Assessment Rates			

MUNICIPALITY			GROUP	
2007 R	2008 R		2008 R	Restated 2007 R
<u>June 2007</u>	<u>June 2008</u>	<u>Property Valuations: Site values only</u>	<u>June 2008</u>	<u>June 2007</u>
1,252,084,951	1,310,529,450	Residential	1,310,529,450	1,252,084,951
415,246,800	436,013,000	Commercial	436,013,000	415,246,800
30,852,000	31,585,000	Industrial	31,585,000	30,852,000
7,487,300	7,706,300	Municipal	7,706,300	7,487,300
300,649,164	300,319,164	Agricultural	300,319,164	300,649,164
184,155,220	177,935,220	State	177,935,220	184,155,220
389,000	803,800	Churches	803,800	389,000
3,381,900	3,869,900	Educational	3,869,900	3,381,900
<u>2,194,246,335</u>	<u>2,268,761,834</u>	<u>Total Property Valuations: Sites</u>	<u>2,268,761,834</u>	<u>2,194,246,335</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 October 2003 and will be effective until 30 June 2009, when the new Property Rates Act will be implemented together with a new valuation roll. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of 4.10 cent (2007: 4.31 cent) in the rand on land value only is applied to property valuations to determine assessment rates. Rebates of between 20% and 40% is given to pensioners depending on their gross monthly income.

18 SERVICE CHARGES

429,561,802	491,958,180	Sale of electricity	491,958,180	429,561,802
156,766,400	157,625,312	Sale of water	209,202,845	205,904,541
32,812,337	35,903,601	Refuse removal	35,903,601	32,812,337
33,593,003	34,299,021	Sewerage and sanitation charges	12,235,623	11,645,662
<u>652,733,542</u>	<u>719,786,114</u>	<u>Total Service Charges</u>	<u>749,300,249</u>	<u>679,924,342</u>

The comparative amounts disclosed on water and sewerage have been adjusted, although the total of service charges have not changed. Sale of water was increased by R 21 947 341 and sewerage charges reduced by the same amount as a result of redefining purification services rendered by the entity.

19 GRANTS AND SUBSIDIES

87,838,527	97,332,244	- From organs of the State on National level		
542,000	1,065,185	Equitable share	97,332,244	87,838,527
-	76,215,000	Provincial health subsidies	1,065,185	542,000
41,317,711	74,753,651	2010 FIFA WCSD	76,215,000	-
130,568,960	137,685,254	MIG Grant	74,753,651	41,317,711
818,026	23,040	Housing project grants	137,685,254	130,568,960
500,000	80,067	Skills levy	23,040	818,026
5,189,414	11,795,772	Department of Water Affairs and Forestry	80,067	500,000
1,630,444	-	Department of Minerals & Energy	11,795,772	5,189,414
-	2,013,133	Municipal Infrastructure Grant for PMU	-	1,630,444
-	114,104	Integrated Transport Study Grant	2,013,133	-
866,685	250,000	Integrated Development Grant	114,104	-
-	2,272,957	Finance Management Grant	250,000	866,685
1,447,555	-	PTIS	2,272,957	-
2,950	3,114,600	Seta: EPWP training	-	1,447,555
88,725	159,035	Department of Sports, Arts & Culture	3,114,600	2,950
190,965	153,450	IMMIS grant	159,035	88,725
		Municipal Systems Improvement Grant	153,450	190,965
105,821	-	- From organs of the State on Provincial Level		
36,920	-	Kanana Building for Sport and Recreation Programme	-	105,821
1,421,123	-	CBD Study grant: LED	-	36,920
	-	Fire and Emergency	-	1,421,123
16,523	-	- Private grants/subsidies		
571,827	449,991	Development of Communications Strategy: BPDM	-	16,523
395,764	-	DBSA - City Development Agency	449,991	571,827
86,768	-	Library, Information & Educational network: Mines	-	395,764
0	1464744	Business Advice Centre: Anglo Platinum	-	86,768
75,000	210,848	Tribal authority grant	1464744	0
		Mines	210,848	75,000
110,610	657,666	- From other municipalities		
15,128,181	9,746,221	Local Government SETA: ABET	657,666	110,610
-	-	BPDM - Cleaning of cemeteries/LED Business Plans & other	9,746,221	15,128,181
2,014,589	133,452	Other	133,452	-
<u>290,965,088</u>	<u>419,690,414</u>	<u>Total Government Grant and Subsidies</u>	<u>419,690,414</u>	<u>290,965,088</u>

The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

R35,8 million destined for the municipality in terms of the Division of Revenue Act were stopped during 2007 due to significant under expenditure on the Municipal Infrastructure Grant. Refer to Government Notice No. 29755 dated 29 March 2007.

19.1 Equitable Share

In terms of the Constitution, this grant is used to subsidize the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R347 (2007: R333) if the household income is below R940 per month. If household income is more than R940 but less than R1880 per month, only 50% of the subsidy is allocated to the indigent household.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

MUNICIPALITY			GROUP	
2007 R	2008 R		2008 R	Restated 2007 R
-	-	19.2 Provincial Health Subsidies		
542,000	1,065,185	Balance unspent at beginning of year	-	-
(542,000)	(1,065,185)	Current year receipts - included in public health vote	1,065,185	542,000
-	-	Conditions met - transferred to revenue	(1,065,185)	(542,000)
-	-	Conditions still to be met - transferred to liabilities (see note 7)	-	-
		The Municipality renders health services on behalf of the Provincial Government and is only refunded approximately 25% of total expenditure incurred. This grant has been used exclusively to fund clinic services.		
-	8,264,725	19.3 MIG Grant		
49,582,436	112,647,527	Balance unspent at beginning of year	8,264,725	-
(41,317,711)	(76,751,248)	Current year receipts	112,647,527	49,582,436
8,264,725	44,161,004	Conditions met - transferred to revenue	(76,751,248)	(41,317,711)
-	-	Conditions still to be met - transferred to liabilities (see note 7)	44,161,004	8,264,725
		This grant was mainly used for infrastructure development. R 35 820 000 was stopped in 2007 due to under expenditure by the municipality.		
-	4,678,968	19.4 Grant from Bojanala Platinum District Municipality		
19,807,149	9,334,121	Balance unspent at beginning of year	4,678,968	-
(15,128,181)	(10,261,139)	Current year receipts	9,334,121	19,807,149
4,678,968	3,751,950	Conditions met - transferred to revenue	(10,261,139)	(15,128,181)
-	-	Conditions still to be met - transferred to liabilities (see note 7)	3,751,950	4,678,968

19.5 Changes in levels of government grants

Based on the allocations set out in the latest Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

20 OTHER INCOME

7,743,434	12,390,952	Service connections	12,390,952	7,743,434
3,748,680	4,858,280	Reconnection fees	4,858,280	3,748,680
541,821	584,509	Telephone fees recovered	584,509	541,821
356,135	1,744,455	Tender document fees	1,744,455	356,135
-	3,848,351	Engineering services (also contributed to CRR)	3,848,351	-
4,523,661	1,289,543	Recoverable expenditure	1,289,543	4,523,661
5,519,922	6,973,806	Other	6,973,806	5,519,922
22,433,653	31,689,896	Total Other Income	31,689,896	22,433,653

The comparative amounts have been restated to disclose rental income and dividends on the face of the Statement of Financial Performance. Tender document fees are also disclosed separately in light of the extent of income from this source in 2008.

21 EMPLOYEE RELATED COSTS

112,212,829	127,244,092	Employee related costs - Salaries and Wages	127,244,092	112,212,829
31,435,726	36,351,104	Employee related costs - Contributions to UIF, pensions and medical aids	36,351,104	31,435,726
7,561,337	10,116,406	Travel, motor car, accommodation, subsistence and other allowances	10,116,406	7,561,337
1,848,197	2,343,357	Housing benefits and allowances	2,343,357	1,848,197
8,831,748	11,534,449	Overtime payments	11,534,449	8,831,748
8,791,924	10,059,794	Annual bonus	10,059,794	8,791,924
2,194,985	5,336,973	Other	5,336,973	2,194,985
(2,737,545)	(2,943,214)	Less: Employee costs capitalized to Property, Plant and Equipment	(2,943,214)	(2,737,545)
(2,303,405)	(1,840,184)	Less: Employee costs included in other expenses	(1,840,184)	(2,303,405)
167,835,596	198,402,777	Total Employee Related Costs	198,402,777	167,835,596

There were no new advances to employees. Loans to employees are set out in note 14.

Remuneration of the Municipal Manager

	MUNICIPALITY ONLY	
Annual Remuneration	799,543	526,637
Performance bonus	124,226	99,670
Car Allowance	-	52,000
Travelling allowance	180,000	-
Contributions to UIF, Medical and Pension Funds	65,110	7,862
Settlement Amount: E. Mallawe	-	400,000
Accumulated leave paid out	-	175,634
Total	1,168,879	1,261,803

Remuneration of the Chief Finance Officer

Annual Remuneration	119,208	699,000
Performance bonus	110,215	86,670
Car Allowance	-	72,000
Travelling allowance	12,000	-
Contributions to UIF, Medical and Pension Funds	233	8,652
Accumulated leave paid out	197,951	-
Acting allowance	83,787	-
Total	523,394	866,322

The contract of the CFO expired at the end of August 2007 and senior finance officials acted as CFO from September 2007 onwards. A new CFO was appointed from 1 July 2008.

MUNICIPALITY		GROUP			
2007 R	2008 R		2008 R	Restated 2007 R	
Remuneration of Individual Executive Directors - Municipality only					
30 June 2008					
		Public Safety	Planning & Development	Infrastructure Development	Corporate Services
Annual Remuneration		526,935	586,180	495,194	392,173
Performance bonus		81,596	84,987	26,342	58,951
Travel Allowance		84,000	108,000	81,000	120,000
Contributions to UIF, Medical and Pension Funds		1,473	1,473	1,123	998
Settlement amount		-	-	-	-
Leave paid out		-	-	-	-
Acting allowance		-	-	16,656	30,730
Total		694,004	780,640	620,315	602,852
30 June 2008					
			Community Development	Local Economic Development	
Annual Remuneration			492,512	481,681	
Performance bonus			82,915	35,404	
Travel Allowance			133,000	84,000	
Contributions to UIF, Medical and Pension Funds			1,348	1,473	
Settlement amount			-	-	
Leave paid out			-	-	
Acting allowance			-	-	
Total			709,775	602,558	
30 June 2007					
		Public Safety	Planning & Development	Infrastructure Development	Corporate Services
Annual Remuneration		488,035	508,056	575,290	738,942
Performance Bonuses		51,807	-	79,469	79,469
Travel Allowance		84,000	99,000	71,500	100,000
Contributions to UIF, Medical and Pension Funds		7,096	6,612	7,882	10,006
Settlement amount		-	-	120,000	-
Leave paid out		55,951	-	86,073	43,310
Acting allowance		-	-	-	120,799
Total		686,889	613,668	940,214	1,092,526
30 June 2007					
			Community Development	Local Economic Development	
Annual Remuneration			498,023	196,857	
Performance Bonuses			65,201	-	
Travel Allowance			84,000	28,000	
Contributions to UIF, Medical and Pension Funds			7,259	2,557	
Settlement amount			-	-	
Leave paid out			-	-	
Acting allowance			16,564	-	
Total			669,047	227,414	
22 REMUNERATION OF COUNCILLORS					
Executive Mayor	470,928	518,355			
Speaker	437,901	405,066	518,355	470,928	
Mayoral Committee Members	2,966,974	3,427,454	405,066	437,901	
Councillors	8,318,622	8,814,683	3,427,454	2,966,974	
Councillors' pension contribution	1,114,024	838,220	8,814,683	8,318,622	
Total Councillors' Remuneration	13,308,449	14,003,778	838,220	1,114,024	
The Council contribution to the pension fund for the Executive Mayor, Speaker and Mayoral Committee members are included in the specific line above. Pension contributions above are thus for all Councillors not specifically disclosed.					
In-kind Benefits					
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.					
The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties and has a full time driver and body guard. The Executive Mayor further has access to a budget of R250 000 per annum to be utilized as he deems fit.					
The Executive Mayor have access to an entertainment facility of R20 000 per annum. The Speaker, Chief Whip and members of the Mayoral Committee have all access to an entertainment facility of R 12 000 per annum.					
23 INTEREST PAID					
12,939,220	15,486,699	Long-term liabilities	50,212,292	33,114,278	
24 BULK PURCHASES					
128,188,646	141,529,136	Electricity : Other consumers	143,514,175	128,188,646	
197,008,477	240,234,799	Electricity: Bulk Consumer	240,234,799	197,008,477	
89,747,800	98,170,536	Water	83,197,816	75,443,511	
414,944,923	479,934,471	Total Bulk Purchases	466,946,790	400,640,634	

MUNICIPALITY		GROUP	
2007 R	2008 R	2008 R	Restated 2007 R
90,000	300,000		
49,400	50,000	300,000	90,000
6,307	7,986	50,000	49,400
15,960	-	7,986	6,307
<u>161,667</u>	<u>357,986</u>	<u>357,986</u>	<u>161,667</u>
25 GRANTS AND SUBSIDIES PAID			
Grant paid to SPCA			
Grant to Rustenburg Municipality: Sport and Recreation Club			
Grant to Bessie Mpelelele Ngwana - Children's Home			
Sundry grants			
Total Grants and Subsidies			
The subsidy to the SPCA is to assist this registered charity to undertake its tasks.			
The grant to Bessie Mpelelele Ngwana is to support physically challenged children.			
26 GENERAL EXPENSES			
Included in general expenses is the following:-			
<u>557,245</u>	<u>592,226</u>	<u>592,226</u>	<u>557,245</u>
26.1 Rentals: Operating lease - L M Wulfsohn Motors (Pty) Ltd			
Full maintenance lease agreement with on 13 vehicles. The municipality do not have the option to take over ownership of the leased vehicles when the lease period expires.			
26.2 Material losses due to:			
400,000	21,133	21,133	400,000
65,538	-	-	65,538
<u>465,538</u>	<u>21,133</u>	<u>21,133</u>	<u>465,538</u>
The above risks were not covered under the insurance scheme of Council.			
The investment at New Republic Bank (Under Receivership) was adjusted downwards to make provision for the expected future dividend expected to be only 35% of the remaining capital balance at NRB.			
26.3 Other general expenses			
- Trustees remuneration to RWST Trustees		<u>39,982</u>	<u>11,600</u>
- Consultant costs - RWST		<u>63,132</u>	-
27 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERRORS			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising			
- The legislative requirement to implement GAMAP/GRAP:			
27.1 Inventory			
41,366,279	-	-	41,366,279
Balance previously reported			
Implementation of GAMAP			
Transferred to Accumulated Surplus/(Deficit)			
Capitalized to infrastructure assets (see note on Appendix E(2) and note 27.6 below)			
Net selling price transferred to Accumulated surplus (see Statement of net changes and note			
Total: Restated stock value			
27.2 Property, plant and equipment			
623,760,809	-	-	623,760,809
Balance previously reported			
Implementation of GAMAP			
Capitalization of infrastructure-internal services - previously disclosed as stock (See note 27.4 above)			
Restated balance of Property, plant and equipment			
27.3 Correction of error: Accumulated Surplus			
64,747,345	252,478,019	252,478,019	64,747,345
3,940,214	6,205,441	6,205,441	3,940,214
Balance previously reported: 30 June 2007			
- Net correction of previous year results			
- Correction of previous year: Interest paid			
- Correction of previous year: General expenses			
- Contribution of net profit on sale of stands transferred from inventory			
- Off-setting of depreciation on assets funded from CR not done in 2005/06			
Restated balance of Accumulated Surplus: 1 July 2007			
27.4 Correction of error: Unspent Conditional Grants and Receipts - MIG Grants			
-	5,689,134	5,689,134	-
-	2,575,592	2,575,592	-
Balance previously reported: 30 June 2007			
- Net correction of previous year balance - reallocation of grants and receipts			
Restated balance of MIG Grants: 1 July 2007			
27.5 Correction of error: Unspent Conditional Grants and Receipts - Bojanala Platinum District Municipality			
-	6,139,012	6,139,012	-
-	(1,460,042)	(1,460,042)	-
Balance previously reported: 30 June 2007			
- Net correction of previous year balance - reallocation of grants and receipts			
Restated balance of Bojanala Platinum District Municipality: 1 July 2007			
27.6 Correction of error: Unspent Conditional Grants and Receipts - Public Contributions			
-	2,173,774	2,173,774	-
-	(1,115,550)	(1,115,550)	-
Balance previously reported: 30 June 2007			
- Net correction of previous year balance - reallocation of grants and receipts			
Restated balance of Unspent Conditional Grants and Receipts-Public Contributions: 1 July 2007			
Correction of errors disclosed in 27.4 to 27.6 above represents a reallocation between grants and receipts.			
The total of Unspent Conditional Grants and Receipts as disclosed on 30 June 2007 did not change.			
27.7 Correction of error: Creditors			
-	-	132,715,915	-
-	-	(354)	-
Balance previously reported: 30 June 2007			
- Net correction of previous year balance - reallocation of grants and receipts			
Restated balance of Creditors: 1 July 2007			
27.8 Correction of error: Other debtors			
-	-	13,907,546	-
-	-	(354)	-
Balance previously reported: 30 June 2007			
- Net correction of previous year balance - reallocation of grants and receipts			
Restated balance of Other debtors: 1 July 2007			

MUNICIPALITY			GROUP	
2007 R	2008 R		2008 R	Restated 2007 R
28 CASH GENERATED FROM/(UTILIZED IN) OPERATIONS				
125,265,141	118,374,564	Surplus for the year	110,232,651	130,007,384
		Adjustment for:-		
64,777,602	75,098,833	Depreciation	97,404,709	84,144,218
(7,329,948)	(7,879,165)	Loss / (Gain) on disposal of property, plant and equipment	(7,879,165)	(7,329,948)
(73,248,348)	(168,960,993)	Contribution to/from provisions - non-current	(169,166,561)	(73,248,348)
101,275,636	124,375,000	Contribution to bad debt provision	124,375,000	101,275,636
(10,657)	(12,871)	Dividends received	(12,871)	(10,657)
(74,778,125)	(114,621,731)	Investment income	(117,965,637)	(77,592,283)
12,939,220	15,486,699	Interest paid	50,212,292	33,114,278
148,890,521	41,860,336	Operating surplus before working capital changes:	87,200,418	190,360,282
28,389,590	(1,240,827)	(Increase)/Decrease in inventories	(1,240,827)	28,389,590
(41,476,076)	(5,129,563)	(Increase)/decrease in debtors	(5,859,793)	(41,951,347)
15,350,247	(1,459,644)	(Increase)/decrease in other debtors	(1,460,808)	15,716,902
(11,761,623)	108,947,402	(Decrease)/increase in unspent conditional grants and receipts	108,947,402	(11,761,623)
31,081,412	20,694,944	Increase/(Decrease) in creditors	25,453,543	24,341,252
74,224	(256,137)	Increase/(Decrease) in provisions	(256,137)	74,224
11,990,234	1,898,977	Increase in VAT	1,456,571	12,656,116
182,538,529	165,315,487	Cash generated by/(utilized in) operations	214,240,368	217,825,396
29 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :				
150,008,763	111,175,434	Bank balances and cash	148,579,056	179,908,524
329,594,080	424,777,952	Call investment deposits	424,777,952	329,594,080
479,602,843	535,953,386	Total cash and cash equivalents	573,357,008	509,502,604
30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION				
108,361,037	106,650,934	Long-term liabilities	369,552,954	378,095,237
112,651,557	112,640,535	Used to finance property, plant and equipment – at cost	383,621,763	380,358,694
(4,290,520)	(5,989,601)	Sub- total	(14,068,809)	(2,263,457)
43,773,698	51,546,916	Cash set aside for the repayment of long-term liabilities	59,628,124	41,746,635
39,483,178	45,557,315	Cash invested for repayment of long-term liabilities	45,567,315	39,483,178
External loans have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long term liabilities can be repaid on the redemption date.				
The comparative amount for cash set aside for the repayment of long-term liabilities has been restated to disclose R43 773 698 instead of R 39 483 178. The restatement did not affect the financial position of the municipality.				
31 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE				
31.1 Unauthorized expenditure				
-2008				
No known material unauthorized expenditure were incurred or disallowed during the year under review.				
-2007				
No known material unauthorized expenditure were incurred or disallowed during the year under review.				
31.2 Fruitless and wasteful expenditure				
-2008				
No known material unauthorized expenditure were incurred or disallowed during the year under review.				
-2007				
No known material unauthorized expenditure were incurred or disallowed during the year under review.				

MUNICIPALITY		GROUP	
2007 R	2008 R	2008 R	Restated 2007 R
32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
32.1 Contributions to organized local government			
-	-	-	-
1,325,912	839,571	839,571	1,325,912
(652,449)	(839,571)	(839,571)	(652,449)
(673,463)	-	-	(673,463)
-	-	-	-
-	-	-	-
<p>R673 463 was paid in 2007 to SALGA following agreement on disputed levies of the past. As a result of the dispute, the amount in dispute was not provided as payable in previous years. It is disclosed as a previous year adjustment on the Statement of changes in net assets.</p>			
32.2 Audit fees			
44,093	-	-	44,093
-	-	-	-
1,299,493	1,946,603	2,015,597	1,363,817
-	-	-	-
(1,343,586)	(1,946,603)	(2,015,597)	(1,407,910)
-	-	-	-
-	-	-	-
32.3 VAT			
Net VAT payable are disclosed in note 8. All VAT returns have been submitted by the due date throughout the year.			
32.4 PAYE & UIF			
-	-	-	-
19,473,219	22,302,858	22,302,858	19,473,219
(19,473,219)	(22,302,858)	(22,302,858)	(19,473,219)
-	-	-	-
-	-	-	-
-	-	-	-
32.5 Other levies paid			
1,378,362	1,588,076	1,588,076	1,378,362
28,310,401	38,483,239	38,483,239	28,310,401
29,688,763	40,071,315	40,071,315	29,688,763
32.6 Pension and Medical Aid Deductions			
-	-	-	-
48,805,152	53,576,925	53,576,925	48,805,152
(48,805,152)	(53,576,925)	(53,576,925)	(48,805,152)
-	-	-	-
-	-	-	-
-	-	-	-
32.7 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at:			

		MUNICIPALITY		
		Outstanding less than 30 days	Outstanding > than 30 days	Wa Wina
30 June 2008		Total		
Lebotse MN		6,832	850	5,982
Marekoa BB		3,650	410	3,241
Masisi MC		29,492	2,654	26,837
Mmusa EM		7,045	346	6,699
Mmusa DN		1,669	563	1,106
Mokowe LJ & NE		14,513	878	13,634
Molefe JL		382	285	97
Mpengu ML		14,867	1,447	13,421
Ngqobo L		6,745	429	6,316
Nonovi ZA		36,009	1,997	34,012
Nxumalo J		3,167	1,052	2,114
Nxumalo J		3,677	1,447	2,230
Seduke D		10,655	2,007	8,648
		138,704	14,365	124,339
				35,298

33 CAPITAL COMMITMENTS

Water
Electricity
Community
Roads and Stormwater
Waste
Local Economic Development
Sanitation

- Water
- Electricity
- Community
- Local Economic Development
- Waste Management
- Roads and Stormwater
- Sanitation

Total

- Capital Replacement Reserve
- Government Grants
- Own resources
- District Council Grants
- Other

34 RETIREMENT BENEFIT INFORMATION

Personnel and Councillors are members of the
 Joint Municipal Pension Fund (JMPPF)
 Municipal Gratuity Fund (MGF)
 Municipal Employees Pension Fund (MEPF)
 Municipal Councillors Pension Fund (MCPF)
 Government Employees Pension Fund
 National Fund for Municipal Workers (NFMW)

All Councillors and employees belong to the 5 defined benefit retirement funds administered by the Provincial Pension Fund as disclosed above. These funds are subject to a triennial actuarial valuation.

An amount of R23.6 million (2007: R21.5 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.

35 CONTINGENT LIABILITY

1. Guarantees by Council in respect of bulk electricity supply in Lethabong for sewer purification plant.
2. Defamation claim – Case 1404/05
3. Performance bonuses of Municipal Manager, Directors, Unit & Section Managers
4. CCTV camera systems
5. Pension fund contributions ex Tlhabane officials State Pension Fund
6. Possible cost as a result of legal actions
7. Future lease payments
8. Claim for transfer of Erf 74, Protea Park. Property sold contrary to MFMA provisions
9. Service provider contesting the allocation of a security service bid
10. The Government Pension Fund contesting water meter readings
11. An employee contesting dismissal. Should he succeed, the amount disclosed is the possible costs
12. A service provider contesting the cancellation of his service contract on the basis of fraud.

590,000	590,000
950,000	950,000
1,200,000	1,200,000
-	2,250,000
1,217,336	2,000,000
500,000	500,000
268,000	802,122
500,000	-
1,000,000	-
2,000,000	-
500,000	-
300,000	-
9,025,336	8,292,122

MUNICIPALITY		GROUP	
2007 R	2008 R	2008 R	Restated 2007 R
<p>1. The guarantees are only payable should there be default in the payment for electricity supplied by ESKOM.</p> <p>2. The municipality is being sued by a service provider for defamation. The amount disclosed is an estimate should the High Court rule against the municipality. The contingent liability includes legal costs of R300 000.</p> <p>3. Managers have not yet been assessed in terms of the performance contracts entered into with the municipality. Once assessed, the performance bonuses will be payable.</p> <p>4. The Municipality disputed the conditions on supply of the CCTV camera system due to alleged non-compliance to the supply chain management system. Legal proceedings have been instituted against the municipality. The supplier removed the cameras in October/November 2006.</p> <p>5. The contingent liability arises from the difference between municipal pension fund contributions that could be payable by the municipality to the pension fund of employees transferred to the municipality should the municipality be liable to pay a higher contribution. The amount disclosed is an estimate due to uncertainties surrounding the matter.</p> <p>6. The Municipality is being sued by a personnel member for unfair treatment during the placement process. A court date in the Appellate division of the High Court has not yet been set. The contingent liability includes legal costs of R500 000. This item also provides for legal costs should costs be allocated to the municipality.</p> <p>7. The remaining payments (6) on a full maintenance lease agreement with L M Wulfsohn Motors (Pty) Ltd on 13 vehicles. The municipality do not have the option to take over ownership of the leased vehicles. There is also a penalty applicable of 24 cents/kilometer should more kilometers be traveled than agreed upon.</p>			

Contingent liabilities disclosed from 8 to 12 above are the estimated costs to the municipality should the disclosed claims be lost by the municipality

36 RELATED PARTY TRANSACTIONS

Rustenburg Water Services Trust is defined as a related party, due to being a 100% owned municipal entity and being the sole beneficiary of the Trust. Refer note 10. The following transactions between the Rustenburg Local Municipality and the RWST and balances at year end were eliminated and is not included in the results reported in these Consolidated Annual Financial Statements.

36.1 Services rendered by related parties

22,852,760	26,756,598	Purification charges paid to RWST	26,756,598	22,852,760
402,400	156,257	Purified water purchased from RWST (irrigation pipeline revenue)	156,257	402,400
-	307,103	Potable water purchased from Kloof Water Works	307,103	-
12,879,824	14,509,360	Bospoort Purified Potable Water	14,509,360	12,879,824
36,134,984	41,729,318		41,729,318	36,134,984

The RWST operate and maintain the Rustenburg, Bospoort and Boitekong water supply and purification scheme.

205,567	204,396	36.2 Interest charged to related party	204,396	205,567
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Interest represent interest charged on a capitalized financial lease agreement

4,095,246	4,062,482	36.3 Loans granted to related party	4,062,482	4,095,246
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The loan reflect the outstanding balance due by RWST on the finance lease agreement

7,328,192	5,304,079	36.4 Money due to related party	5,304,079	7,328,192
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Represent outstanding amount due by the municipality for services rendered.

36.5 Other related parties

Councillors, the Municipal Manager and section 57 personnel reporting to the Municipal Manager are considered related parties in light of their control over the municipality as Councillors and their management position in terms of positions held in the municipality. No inter-party business transactions took place between the Rustenburg Local Municipality and these persons and their close family members for the year under review. Details relating to their remuneration are disclosed in notes 21 and 22 above. Normal consumer services rendered to the public have also been rendered to the mentioned parties at approved tariffs that were advertised to the public.

37 EVENTS AFTER THE REPORTING DATE

No event after the reporting date took place that could have a material impact on the financial position of the municipality on 30 June 2008 as disclosed in the Financial Statements.

38 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

39 EXEMPTIONS FROM ACCOUNTING STANDARDS

The Minister of Finance has, in terms of General Notice 552 of 2007, exempted compliance with certain of the Standards listed in Accounting Policy 1. In the table set out below, the exemptions offered and applied for have been listed together with an indication of the process that the municipality will follow regarding plans to implement the exemptions. The extent to which information in the Annual Financial Statements (AFS) would need to be adjusted to achieve compliance with the exempted standards has also been stated in the table:

**RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

NOTE 39 (CONTINUED): EXEMPTIONS FROM ACCOUNTING STANDARDS

Standard Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standard	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GRAP 3	Accounting policies, changes in accounting estimates and errors	<p>Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31). A list of these standards is as follows:</p> <p>GRAP 4: The Effects of Changes in Foreign Exchange Rates GRAP 5: Borrowing Costs GRAP 6: Consolidated AFS GRAP 7: Associates GRAP 8: JV's GRAP 9: Revenue GRAP 10: Financial Reporting Hyperinflationary Economies GRAP 11: Construction Contracts GRAP 12: Inventories GRAP 13: Leases GRAP 14: Events After the Reporting Date</p>	Y	<p>The following GRAP Standards have been issued but are not yet effective. The implementation plans that still need to be implemented to achieve full compliance with the standards are set out below:</p> <p>GRAP 4, 6, 7, 8, 9, 12, 17, 19.</p> <p>Currently the Municipality adheres to the requirements of the comparable GAMAP standards. Determine the difference between the applicable accounting treatment and disclosure requirements of the GAMAP versus the GRAP standards and make any necessary adjustments to the AFS.</p> <p>GRAP 5: Borrowing Costs</p> <p>Determine the applicable accounting treatment and disclosure requirements of GRAP 5 for the Municipality.</p> <p>GRAP 10 and 11.</p>	<p>Highly likely that no adjustments to the AFS will be required as there are no fundamental differences between these GAMAP and GRAP standards.</p> <p>A portion of interest cost on interest bearing borrowings, in respect of assets that take a substantial period of time for construction and before they are ready for use, may be capitalised to the relevant asset and will result in interest cost in the Statement of Financial Performance reducing and the cost of the asset increasing.</p>

		GRAP 16: IP GRAP 17: PPE GRAP 18: Segment Reporting GRAP 19: Provisions, Contingent Liabilities and Contingent Assets GRAP 100: Non Current Assets Held For Sale GRAP 101: Agriculture GRAP 102: Intangible Assets		The Municipality does not have these types of transactions. GRAP 13, 14, 16, 18, 100, 101 and 102. The Municipality adheres to the requirements of the comparable GAAP standards except for the exemptions adopted as set out below per standard.	No adjustment required. See adjustments required as per relevant sections of this document set out below.
Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GRAP 03 (cont)	Accounting policies, changes in accounting estimates and errors	Changes in accounting policies (GRAP 3, 14, 19)	N	No action plans are required. Where it is practicable to do so, all changes in accounting policy are dealt with by the Municipality retrospectively and disclosed as such in accordance with the requirements of GRAP 3.	No adjustments to the AFS are required.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.	N	The Municipality has accounted for its immovable capital assets as Inventories where applicable.	None

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GAMAP 12 (cont)	Inventories	The entire standard as far as it relates to water stock that was not purchased by the Municipality	N	The Municipality included its water stock on hand at year end in its inventories.	None
GAMAP 17	Property, plant and equipment	Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 61, 77)	Y	<p>1) CFO to issue a memo to all departmental managers at year end to request them to ensure that he remaining useful life of al items of PPE as reflected for assets under their control per the FAR is realistic.</p> <p>2) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end.</p> <p>3) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.</p>	<p>The following adjustments will need to be made to the AFS if the review of useful lives of PPE results in a changer on estimate.</p> <p>1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively.</p> <p>2) A note on the change in estimate will be disclosed if the change in estimate is material.</p>

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GAMAP 17 (cont)	Property, plant and equipment	Review of depreciation method applied to PPE recognised in the Annual Financial Statements (GAMAP 17.62, 77)	Y	<p>1) CFO to issue a memo to all departmental managers at year end to request them to ensure that he remaining useful life of al items of PPE as reflected for assets under their control per the FAR is realistic.</p> <p>2) CFO to review the depreciation method used to depreciate different classes of assets annually to asses its applicability for each class of asset.</p> <p>3) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end.</p> <p>4) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.</p>	<p>The following adjustments will need to be made to the AFS if the review of useful lives of PPE results in a change on estimate.</p> <p>1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively.</p> <p>2) A note on the change in estimate will be disclosed if the change in estimate is material.</p>
GAMAP 17 (cont)	Property, plant and equipment	Impairment of non-cash generating assets (GAMAP 17.64 – 69, 75(e)(v) – (vi))	Y	<p>1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that:</p> <ul style="list-style-type: none"> ➤ Are in a state of permanent 	<p>The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:</p> <p>1) The carrying amount of PPE will be reduced.</p>

				<p>damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end);</p> <ul style="list-style-type: none"> ➤ Are stolen at year end (impairment loss ➤ is recorded equal to the carrying amount of stolen assets at the date of the theft); ➤ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets – the departments can the asses and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout); ➤ Have remained idle for a considerable period with prior to them being put into use at year end or during their useful life. ➤ Show that they are not performing according to their specifications or according to industry accepted norms. <p>2) Calculate and record impairment losses by determining the difference between the assets's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.</p>	<p>2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses.</p> <p>3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses.</p> <p>4) The impairment loss itself should be reflected in the noted to the Statement of Financial Performance, if material.</p> <p>5) All disclosure requirements as required by IPSAS 21.</p>
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Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 14 AC 115	Segment Reporting	Entire Standard	Y	<p>1) Obtain an understanding of the definitions of business segments and geographical segments as set out in IAS 14.</p> <p>2) Determine the business and geographical segments of the Municipality.</p> <p>3) Decide on the primary and secondary reporting formats for the entity. Therefore a decision must be made whether business is primary and geographical secondary or vice versa.</p> <p>4) Change the chart of accounts and accounting software package to ensure that the segmental revenue, expenses, results, assets and liabilities can be accounted for and presented in the AFS according to the primary and secondary reporting formats.</p>	<p>The AFS will have to be adjusted to ensure that the disclosure requirements of IAS 14.51 to .67 relating to segment information are met.</p> <p>The primary reporting format requires inter alia, disclosure of:</p> <ol style="list-style-type: none"> 1) Segment revenue for every reportable segment. 2) Segment results for every reportable segment. 3) Segment assets for every reportable segment. 4) The total cost incurred during the period to acquire reportable segment long term assets. 5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements. <p>Based on the decision of the entity whether business or geographical segments are the primary format, the secondary reporting format requirements as set out in IAS 14 will need to</p>

IAS 17 AC 105	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51 and SAICA circular 12/06.0 – 11)	N	The Municipality accounts for its leases on the straight line basis where applicable.	be disclosed in the AFS.
IAS 19 (AC 116)	Employee Benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (g))	Y	The Municipality has still to determine the true extend of implementing this standard.	<ol style="list-style-type: none"> 1. Determine the true extend of employees eligible for future benefits 2. Appoint a service provider to help the municipality calculate the liability.
IAS 20	Accounting for Government Grants	Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, 17.25 and 9.42 - 46	Y	<ol style="list-style-type: none"> 1) Currently all conditional capital grants received for the purchase of PPE are accounted for in terms of the NT GRAP implementation guidelines dated June 2005 and also GAMAP 9.42 to 46. 2) On receipt of a conditional capital government grant the amount is banked and reflected as a current liability called Unspent Conditional Grants and Receipts. Once the amount is spent in accordance with the grant conditions a transfer is made from the current liability to the Statement of Financial Performance equal to the amount that has been spent during the financial year 	<ol style="list-style-type: none"> 1) Unbundle the balance on the GGR and transfer it to a deferred income account. 2) Capital Grants utilised will no longer be transferred to a GGR via the Statement of Financial Performance and the Statement of Changes in Net Assets. Once an amount is utilised it will be transferred directly from the unspent capital conditional grants creditor to a creditor called deferred income. Therefore the GGR (Reserve) will be replaced by a creditor called deferred income.

					<p>in accordance with the grant</p> <p>conditions. Thereafter an equal amount is transferred from the Accumulated Surplus to the Government Grant Reserve (GGR) on the statement of Changes in Net Assets. Annually an amount is transferred from this reserve to accumulated surplus equal to the amount of depreciation on assets funded from Government Grants. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).</p> <p>3) On the implementation of IAS 20, unbundled the GGR by transferring the balance to a deferred income account.</p> <p>4) For future depreciation charges in respect of assets that have a carrying amount equal to the deferred income account on the date of the unbundling of the GGR, ensure that an amount equal to the depreciation charge is transferred from deferred income to the Statement of Financial Performance.</p>	<p>3) In future a transfer will be made from the deferred income account to the Statement of Financial Performance to annually offset the amount of depreciation in respect of assets funded from government grants. The GGR will no longer exist and therefore no transfer from the GGR</p>
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Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 36 (AC 128)	Impairment of Assets	Entire Standard	Y	<p>1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that:</p> <ul style="list-style-type: none"> ➤ Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end); ➤ Are stolen at year end (this can equal to the carrying amount of stolen assets at the date of the theft); ➤ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets – the departments can then assess and indicate cases where the remaining useful life is shorter than the remaining useful life 	<p>The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:</p> <ol style="list-style-type: none"> 1) The carrying amount of PPE will be reduced. 2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses. 3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and disclose impairment losses. 4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material. 5) All disclosure requirements as required by IAS 36.

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 38 (AC 129)	Intangible Assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed.	N	The Municipality adhered to IAS 38 where applicable.	
IAS 39 (AC 133)	Financial instruments: recognition and measurement	Initially measuring financial assets and liabilities at fair value (IAS 39.43, AG 79, AG 64 – AG 65 and SAICA circular 9/06)	Y		
IAS 40 (AC 135)	Investment Property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	Y	<p>1) Prepare a list of all possible names under which property belonging to the Municipality could have been registered in the past.</p> <p>2) Perform a title deeds search using all these names mentioned in 1) above to identify all land and buildings under the control of the Municipality.</p> <p>3) Compare the results of the title deeds search to the Fixed Assets Register and the Valuation Roll and adjust the FAR to reflect all land and buildings under the control of</p>	<p>The following adjustments will need to be made to the AFS if IAS 40 is implemented and if IP is measured at Fair Value.</p> <ul style="list-style-type: none"> The criteria developed by the Municipality to distinguish investment property from property owner-occupied property and from property held for sale in the ordinary course of operations; The methods and significant assumptions applied in determining the fair value of investment property. The extent to which the fair value of investment property is based on a valuation by an independent valuer. The amounts included in the statement of financial performance for: <p>(a) Rental revenue from investment</p>

				<p>the Municipality.</p> <p>4) Value all land and buildings, which were previously not reflected on the FAR at fair value where historical cost prices and acquisition dates are unknown.</p> <p>5) Identify and reclassify as Investment Property (IP) all land and buildings reflected on the updated FAR meeting the definition of Investment Property as per IAS 40.</p> <p>6) Decide on an accounting policy for the subsequent measurement of IP i.e. cost price less accumulated depreciation or Fair Value.</p> <p>7) Ensure that the necessary procedures are put in place to ensure the proper accounting treatment of IP after initial recognition to deal with the accounting for subsequent expenditure, disposal of IP, transfers of IP, Fair Value increases etc.</p>	<p>property;</p> <p>(b) Direct operating expenses arising from investment property that generated rental revenue during the period; and</p> <p>(c) Direct operating expenses arising from investment property that did not generate rental revenue during the period;</p> <p>(d) Fair value increases in IP.</p> <ul style="list-style-type: none"> • The existence and amounts of restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal; • Material contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements; • A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following: <ul style="list-style-type: none"> (a) Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalised subsequent expenditure; (b) Additions resulting from acquisitions through Municipality combinations; (c) Disposals; (d) Net gains or losses from fair value adjustments; (e) Transfers to and from inventories and owner-occupied property; and (f) Other movements.
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Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 40 (AC 135) (cont)	Investment Property (continued)	The entire standard to the extent that the property is accounted for in terms of GAMAP 17 (continued)			<p>The following adjustments will need to be made to the AFS if IAS 40 is implemented and if IP is measured at Cost Price less accumulated depreciation.</p> <p>If the Municipality elects to reflect all of its investment properties at cost less accumulated depreciation, ensure disclosure in the AFS of the following information, in addition to any relevant information required by the disclosure requirements relating to IP at fair value as set out above:</p> <ul style="list-style-type: none"> • The depreciation methods used; • The useful lives or the depreciation rates used; • The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; • A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following (comparative information is not required): <ul style="list-style-type: none"> (i) Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalised subsequent expenditure; (ii) Additions resulting from acquisitions through Municipality combinations; (iii) Disposals;

					<p>(iv) Depreciation; (v) The amount of impairment losses recognised, and the amount of impairment losses reversed, during the period; (vi) The net exchange differences arising on the translation of the financial statements of a foreign Municipality; (vii) Transfers to and from inventories and owner-occupied property; and (viii) Other movements; and</p> <p>• The fair value of investment property. In the exceptional cases, when the Municipality cannot determine the fair value of the investment property reliably, the Municipality should disclose:</p> <p>(i) A description of the investment property; (ii) An explanation of why fair value cannot be determined reliably; and (iii) If possible, the range of estimates within which fair value is highly likely to lie.</p>

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 40 (AC 135) (cont)	Investment Property (continued)	Disclosure of the fair value of investment property if the cost model is applied and where the Municipality has recognised the investment property in terms of this standard (IAS 40.79(e)(i) – (iii))	Y	1) Ensure that, even if IP is reflected at cost procedures are put in place to obtain the Fair Value of IP at each Balance Sheet date for inclusion in the notes of the AFS.	1) The disclosure notes relating to IP would provide an indication of the Fair Value of IP which is carried at cost price less accumulated depreciation on the face of the Statement of Financial Position.
IFRS 3 (AC 140)	Business Combinations	Entire Standard	Y	1) It is highly likely that the most relevant section of IAS 40 to the Municipality is the accounting treatment of goodwill. 2) Goodwill is measured and accounted for by the Municipality in accordance with the requirements of IFRS 3.	1) No adjustments will need to be made to the AFS as the Municipality already fully complies with the relevant requirements of IFRS 3.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)	N	The Municipality have implemented the requirements of IFRS 5 where applicable.	The Municipality have implemented the requirements of IFRS 5 where applicable.
IFRS 7 (AC 144)	Financial Instruments: Disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.	Y	The Municipality still has to set up its accounting records and software programs to accommodate reporting in this format.	The AFS will have to include the required disclosure notes on Financial Instruments.

APPENDIX A

RUSTENBURG LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008 - GROUP

EXTERNAL LOANS	Interest rate	Redeemable	Balance at 30 June 2007	Received during the period	Redeemed during the period	Balance at 30 June 2008	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
- INCA	16.50%	23 April 2009	50,000,000	-	-	50,000,000		
- ABSA - Drawdown 1	11.92%	31 May 2020	18,883,046	-	(645,103)	18,237,943		
- ABSA - Drawdown 2	12.02%	31 May 2021	19,477,991	-	(567,675)	18,910,316		
- ABSA - Drawdown 3	12.14%	31 May 2022	20,000,000	-	(497,325)	19,502,675		
- ABSA - Construction Loan	12.80%	30 June 2023	269,734,200	-	(6,832,180)	262,902,020		
Total long-term loans			378,095,237	-	(8,542,283)	369,552,954		
TOTAL EXTERNAL LOANS			378,095,237	-	(8,542,283)	369,552,954	305,194,390	

**RUSTENBURG LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008 - MUNICIPALITY**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	
Land and Buildings									
Land	23,891,936	-	654,836	-	-	24,546,772	-	-	24,546,772
Buildings	84,138,257	-	31,534,845	-	-	115,673,102	-	-	83,978,334
	108,030,193	-	32,189,681	-	-	140,219,874	25,114,477	-	108,525,106
Infrastructure									
Drains	22,011,878	-	-	-	-	22,011,878	6,439,452	-	14,509,373
Roads	272,465,687	-	46,908,355	-	-	319,374,042	126,376,951	-	175,668,507
Sewerage Mains & Purification plant	96,634,354	-	18,902,793	-	-	115,537,147	36,931,848	-	73,553,012
Electricity Mains	244,782,388	-	38,960,796	-	(3,713)	283,726,591	92,179,240	(1,791)	180,137,328
Electricity Peak Load Equip	2,202,387	-	3,918,428	-	(16,563)	6,120,815	123,917	(7,641)	5,760,763
Water Mains & Purification plant	178,587,705	-	34,431,671	-	-	213,019,376	62,447,555	-	141,701,132
Reservoirs – Water	14,012,424	-	413,282	-	-	14,425,706	3,213,056	-	10,908,391
Water Meters	10,112,571	-	10,012	-	-	10,122,583	1,296,111	-	8,242,115
Water Mains	13,962,444	-	-	-	-	13,962,444	4,076,868	-	9,191,003
	854,771,938	-	143,545,277	-	(20,296)	988,296,919	333,024,798	(9,432)	619,572,624
Community Assets									
Parks & Gardens	8,629,642	-	95,190	-	-	8,724,832	2,098,644	-	6,337,668
Libraries	3,721,846	-	11,392	-	-	3,733,238	1,976,895	-	1,629,768
Recreational Grounds	37,098,034	-	2,197,536	-	-	39,295,570	23,946,788	-	13,512,758
Civic Buildings	48,493,864	-	-	-	-	48,493,864	16,299,311	-	30,573,662
	97,943,386	-	2,304,118	-	-	100,247,504	44,323,638	-	52,653,867
Heritage Assets									
Historical Buildings	429,115	-	-	-	-	429,115	-	-	429,115
	429,115	-	-	-	-	429,115	-	-	429,115
Total carried forward	1,081,175,632	-	178,039,076	-	(20,296)	1,239,194,412	406,452,914	(9,432)	780,580,702

RUSTENBURG LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008 - MUNICIPALITY (Continue)

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Disposals R	
Total brought forward	1,061,175,632	-	178,035,076	-	(20,296)	1,239,194,412	406,462,914	(9,432)	780,680,702
Housing Rental Stock									
Housing Rental	4,753,453	-	-	-	-	4,753,453	1,190,064	-	3,419,632
	4,753,493	-	-	-	-	4,753,493	1,190,064	-	3,419,632
Leased Assets	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Landfill sites	1,341,225	-	-	-	-	1,341,225	378,453	-	917,932
Office Equipment	9,102,978	-	475,010	-	(449,770)	9,128,218	4,269,516	(423,632)	3,230,094
Furniture & Fittings	47,418,753	-	12,402,384	-	(1,132,541)	58,688,596	18,157,520	(917,691)	35,335,059
Bins and Containers	1,422,440	-	124,780	-	-	1,547,220	816,929	-	579,255
Emergency Equipment	3,662,073	-	262,299	-	(57,436)	3,866,936	1,090,124	(38,869)	2,382,872
Motor vehicles	38,734,267	-	3,585,680	-	(1,082,777)	41,237,169	22,043,533	(1,082,777)	14,947,955
Fire engines	2,166,003	-	3,288,926	-	-	5,454,929	837,281	-	4,486,688
Refuse tankers	1,053,069	-	809,356	-	(15,746)	1,846,679	787,603	(9,423)	996,044
Computer equipment	11,923,176	-	754,524	-	(292,304)	12,385,396	7,946,609	(256,033)	3,364,805
Other assets	49,239,181	-	11,410,557	-	(2,420,056)	58,229,682	29,542,038	(2,372,148)	24,021,516
Conservancy tankers	-	-	-	-	-	-	-	-	-
Watercraft	-	-	-	-	-	-	-	-	-
	166,063,185	-	33,123,516	-	(5,450,530)	193,736,071	85,869,616	(5,100,573)	90,172,220
Total	1,231,992,310	-	211,162,592	-	(5,470,926)	1,437,683,976	493,522,554	(5,110,009)	874,172,554

RUSTENBURG LOCAL MUNICIPALITY ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008 - GROUP													
APPENDIX B													
	Cost/Revaluation				Accumulated Depreciation				Carrying Value				
	Opening Balance	Reclassification	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Reclassification	Additions	Disposals	Closing Balance	Value	R
Land and Buildings													
Land	23,891,936	-	654,836	-	-	24,546,772	-	-	-	-	-	24,546,772	
Buildings	84,138,257	-	31,534,845	-	-	115,673,102	29,114,477	-	2,580,291	-	31,694,768	83,978,334	
	108,030,193	-	32,189,681	-	-	140,219,874	29,114,477	-	2,580,291	-	31,694,768	108,525,106	
Infrastructure													
Drains	22,011,878	-	-	-	-	22,011,878	6,439,452	-	1,063,053	-	7,502,505	14,509,373	
Roads	272,485,687	-	46,908,355	-	-	319,374,042	126,375,951	-	17,327,584	-	142,704,535	175,669,507	
Sewerage Mains & Purification plant	277,164,580	-	18,902,763	-	(3,713)	296,063,610	48,985,623	-	19,070,920	(1,791)	69,054,752	227,008,858	
Electricity Mains	244,782,388	-	38,990,786	-	(16,593)	283,726,591	92,179,240	-	11,417,664	(7,641)	103,589,263	180,137,328	
Electricity Peak Load Equip	2,202,387	-	3,918,428	-	-	6,120,815	123,917	-	236,135	-	380,052	5,750,763	
Water Mains & Purification plant	265,764,637	-	37,705,762	-	-	303,470,399	70,079,205	-	16,691,356	-	86,770,561	216,699,838	
Reservoirs - Water	14,012,424	-	413,262	-	-	14,425,686	3,213,056	-	704,239	-	3,917,295	10,508,391	
Water Meters	10,112,671	-	10,012	-	-	10,122,683	1,236,111	-	644,457	-	1,880,568	8,242,115	
Water Mains	13,962,444	-	-	-	-	13,962,444	4,076,668	-	694,773	-	4,771,441	9,191,003	
	1,122,479,076	-	146,815,368	-	(20,256)	1,268,278,146	353,710,223	-	67,850,161	(9,432)	421,550,972	847,727,176	
Community Assets													
Parks & Gardens	8,629,842	-	95,190	-	-	8,725,032	2,098,644	-	288,720	-	2,387,364	6,337,668	
Libraries	3,721,845	-	11,392	-	-	3,733,236	1,978,896	-	124,573	-	2,103,469	1,629,769	
Recreational Grounds	37,098,834	-	2,197,536	-	-	39,296,370	23,945,768	-	1,836,624	-	25,783,612	13,512,758	
Club Buildings	46,493,864	-	-	-	-	46,493,864	16,298,311	-	1,620,891	-	17,920,202	30,573,662	
	97,944,386	-	2,304,118	-	-	100,248,504	44,323,639	-	3,871,008	-	48,194,647	52,053,857	
Heritage Assets													
Historical Buildings	429,115	-	-	-	-	429,115	-	-	-	-	-	429,115	
	429,115	-	-	-	-	429,115	-	-	-	-	-	-	
Total carried forward	1,328,882,770	-	161,315,167	-	(20,256)	1,510,175,641	427,146,339	-	74,301,480	(9,432)	501,440,387	1,008,735,254	

RUSTENBURG LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008 - GROUP (Continue)

APPENDIX B

	Cost			Accumulated Depreciation					Carrying Value			
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	
Total brought forward	1,328,882,770	-	181,313,167	-	(20,298)	1,510,175,641	427,148,339	-	74,301,480	(9,432)	501,440,387	1,008,735,254
Housing Rental Stock												
Housing Rental	4,753,493	-	-	-	-	4,753,493	1,190,064	-	143,797	-	1,333,861	3,419,632
	4,753,493	-	-	-	-	4,753,493	1,190,064	-	143,797	-	1,333,861	3,419,632
Leased Assets	4,115,610	-	-	-	-	4,115,610	425,281	-	164,624	-	589,905	3,525,705
	4,115,610	-	-	-	-	4,115,610	425,281	-	164,624	-	589,905	3,525,705
Other Assets												
Landfill sites	1,341,225	-	-	-	-	1,341,225	378,463	-	44,830	-	423,293	917,932
Office Equipment	9,102,978	-	475,010	-	(449,770)	9,128,218	4,289,516	-	2,052,240	(423,632)	5,898,124	3,230,094
Furniture & Fittings	47,418,753	-	12,402,384	-	(1,132,541)	58,688,596	18,157,520	-	6,113,708	(917,691)	23,353,537	35,335,059
Bins and Containers	1,422,440	-	124,780	-	-	1,547,220	816,528	-	151,036	-	967,965	579,255
Emergency Equipment	3,662,073	-	262,299	-	(57,436)	3,866,936	1,090,124	-	432,809	(38,869)	1,484,064	2,382,872
Motor vehicles	38,734,287	-	3,595,680	-	(1,082,777)	41,237,190	22,043,533	-	5,428,479	(1,082,777)	26,389,235	14,847,955
Fire engines	2,166,003	-	3,298,926	-	-	5,464,929	837,281	-	130,960	-	968,241	4,496,688
Refuse tankers	1,053,069	-	809,356	-	(15,746)	1,846,679	787,603	-	72,455	(9,423)	850,635	996,044
Computer equipment	11,923,176	-	754,524	-	(292,304)	12,385,396	7,946,609	-	1,330,015	(256,033)	9,020,591	3,354,805
Other assets	49,239,181	-	11,410,557	-	(2,420,056)	58,229,682	29,542,038	-	7,038,276	(2,372,148)	34,208,166	24,021,516
Conservancy tankers	-	-	-	-	-	-	-	-	-	-	-	-
Watercraft	-	-	-	-	-	-	-	-	-	-	-	-
	166,063,185	-	33,123,516	-	(5,450,530)	193,736,071	85,869,816	-	22,794,808	(5,100,573)	103,563,851	90,172,220
Total	1,503,815,068	-	214,436,683	-	(5,470,926)	1,712,780,815	514,633,300	-	97,404,709	(5,110,065)	606,928,004	1,105,862,811

RUSTENBURG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008 - MUNICIPALITY

	Cost						Accumulated Depreciation						Carrying value R	
	Reclassification		Additions		Under Construction		Disposals	Closing Balance	Reclassification		Additions	Disposals		Closing Balance
	R	R	R	R	R	R			R	R				
Executive & Council	7,777,630	(382,180)	763,350	-	(119,641)	8,039,159	1,863,185	(147,866)	867,662	(97,362)	2,485,619	5,553,540		
Finance & Admin	22,670,132	15,572,724	14,127,110	-	(964,342)	51,405,624	14,793,390	11,151,753	2,305,369	(948,013)	27,302,499	24,103,125		
Planning & Development	43,264,040	(15,190,544)	4,159,439	-	(297,152)	31,935,783	15,275,027	(11,003,887)	2,482,831	(262,086)	6,491,885	25,443,898		
Health	8,831,250	-	535,504	-	(111,369)	9,255,385	4,353,014	-	605,097	(90,701)	4,867,410	4,387,975		
Community & Social Services	81,827,256	(292,485)	8,450,062	-	(1,338,938)	88,645,895	31,876,528	(78,780)	3,643,432	(1,189,340)	34,251,840	54,394,055		
Housing	3,049,701	-	153,816	-	(19,976)	3,183,541	1,969,787	-	189,468	(8,828)	2,150,427	1,033,114		
Public Safety	44,594,894	(14,102,843)	9,093,789	-	(380,062)	39,205,778	13,189,608	(707,142)	4,331,470	(315,874)	16,498,062	22,707,716		
Environmental Protection	-	3,341,292	3,919,650	-	(15,008)	7,245,934	-	116,165	1,626,563	(11,474)	1,731,254	5,514,680		
Sport & Recreation	86,606,639	-	7,603,543	-	(472,990)	93,737,192	49,523,790	-	4,767,323	(462,615)	53,828,498	39,908,694		
Waste Management	73,852,989	(50,970,920)	2,561,973	-	(85,222)	25,358,820	28,746,679	(18,670,528)	2,379,912	(85,223)	12,370,840	12,987,980		
Waste Water Management	56,669,129	47,922,113	32,776,650	-	(107,015)	137,260,877	10,785,528	18,633,144	4,954,949	(105,079)	34,268,542	102,992,335		
Road Transport	318,903,778	14,102,843	40,480,163	-	(991,568)	372,495,216	156,802,227	707,141	19,388,205	(984,693)	175,892,880	196,602,336		
Water	189,265,802	0	34,880,661	-	(9,001)	224,137,462	58,732,709	-	10,104,410	(9,001)	68,828,118	155,309,344		
Electricity	294,679,070	-	51,656,882	-	(558,642)	345,777,310	105,611,122	-	17,472,142	(539,716)	122,543,548	223,233,762		
TOTAL	1,231,992,310	0	211,162,592	-	(5,470,926)	1,437,683,976	493,522,594	-	75,098,833	(5,110,005)	563,511,422	874,172,554		

APPENDIX C

RUSTENBURG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008 - GROUP

	Cost						Accumulated Depreciation						Carrying value R		
	Opening Balance R	Reclassification R	Additions		Under Construction		Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions			Disposals R	Closing Balance R
			R	R	R	R					R	R			
Executive & Council	7,777,629	(382,180)	763,350	-	-	(119,641)	8,039,158	1,863,185	(147,866)	867,662	(97,362)	2,485,619	5,553,539		
Finance & Admin	22,670,132	15,572,724	14,127,110	-	-	(964,342)	51,405,624	14,793,390	11,151,753	2,305,369	(948,013)	27,302,499	24,103,125		
Planning & Development	43,264,040	(15,190,544)	4,159,439	-	-	(297,152)	31,935,783	15,275,027	(11,003,887)	2,482,831	(262,086)	6,491,885	25,443,898		
Health	8,831,250	-	535,504	-	-	(111,369)	9,255,385	4,353,014	-	605,097	(90,701)	4,867,410	4,387,975		
Community & Social Services	81,827,256	(292,485)	8,450,062	-	-	(1,338,938)	88,645,895	31,876,528	(78,780)	3,643,432	(1,189,340)	34,251,840	54,394,055		
Housing	3,049,701	-	153,816	-	-	(19,976)	3,183,541	1,969,787	-	189,468	(8,828)	2,150,427	1,033,114		
Public Safety	44,594,894	(14,102,843)	9,093,789	-	-	(380,062)	39,205,778	13,189,608	(707,142)	4,331,470	(315,874)	16,498,062	22,707,716		
Environmental Protection	-	3,341,292	3,919,650	-	-	(15,008)	7,245,934	-	116,165	1,628,563	(11,474)	1,731,254	5,514,680		
Sport & Recreation	86,606,639	-	7,603,543	-	-	(472,990)	93,737,192	49,523,790	-	4,767,323	(462,615)	53,828,498	39,908,694		
Waste Management	73,852,989	(50,970,920)	2,561,973	-	-	(85,222)	25,358,820	28,746,679	(18,670,528)	2,379,912	(85,223)	12,370,840	12,987,980		
Waste Water Management	239,997,949	47,922,113	32,775,650	-	-	(107,015)	320,589,697	24,181,174	18,633,144	19,440,158	(105,079)	62,149,397	258,440,300		
Road Transport	318,903,778	14,102,843	40,480,163	-	-	(991,568)	372,495,216	156,802,227	707,141	19,368,205	(984,693)	175,892,880	196,602,336		
Water	277,759,731	-	38,154,752	-	-	(9,001)	315,905,482	66,447,769	-	17,925,077	(9,001)	84,363,845	231,541,637		
Electricity	294,679,070	-	51,656,882	-	-	(558,642)	345,777,310	105,611,122	-	17,472,142	(539,716)	122,543,548	223,233,762		
TOTAL	1,503,815,058	-	214,435,683	-	-	(5,470,926)	1,712,780,815	514,633,300	-	97,404,709	(5,110,005)	606,928,004	1,105,862,811		

RUSTENBURG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008 - MUNICIPALITY

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R			
			2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
363,892,137	166,204,350	197,687,787			
52,185,585	57,321,958	(5,136,373)	Executive & Council	183,900,195	258,493,917
11,946,101	20,881,718	(8,935,617)	Finance & Admin	69,089,671	(9,701,731)
543,251	7,513,456	(6,970,205)	Planning & Development	21,585,356	(7,007,543)
2,067,203	20,404,557	(18,337,354)	Health	7,977,752	(6,911,447)
132,428,032	133,764,231	(1,336,199)	Community & Social Services	22,960,164	(21,120,864)
16,209,492	46,387,266	(30,177,774)	Housing	141,754,691	(1,568,224)
1,824,421	27,792,196	(25,967,775)	Public Safety	44,323,804	(40,406,481)
-	-	-	Sport & Recreation	31,357,693	(30,992,852)
33,225,945	38,428,810	(5,202,865)	Environmental Protection	4,434,186	(4,331,575)
33,744,781	40,712,242	(6,967,461)	Waste Management	61,793,098	(16,324,872)
465	41,839,271	(41,838,806)	Waste Water Management	53,889,558	(19,366,324)
158,229,464	132,669,602	25,559,862	Road Transport	51,004,008	(35,989,346)
441,405,106	388,517,185	52,887,921	Water	186,117,022	(799,782)
			Electricity	459,006,655	54,401,688
1,247,701,983	1,122,436,842	125,265,141	Sub Total	1,349,193,853	118,374,564
57,076,181	57,076,181	-	Less: Inter-departmental charges	57,391,200	-
1,190,625,802	1,065,360,661	125,265,141	Total	1,291,802,653	118,374,564
		-	Add: Share of Associate		-
		125,265,141	Surplus		118,374,564

RUSTENBURG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008 - GROUP

2007	2007		2008	2008		2008
	Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R	Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R
363,892,137	165,998,783	197,893,354		442,189,717	183,695,800	258,493,917
52,185,585	57,321,958	(5,136,373)		59,387,940	69,089,671	(9,701,731)
11,946,101	20,881,718	(8,935,617)		14,577,813	21,585,356	(7,007,543)
543,251	7,513,456	(6,970,205)		1,066,305	7,977,752	(6,911,447)
2,067,203	20,404,557	(18,337,354)		1,839,300	22,960,164	(21,120,864)
132,428,032	133,764,231	(1,336,199)		140,186,467	141,754,691	(1,568,224)
16,209,492	46,387,266	(30,177,774)		3,917,323	44,323,804	(40,406,481)
1,824,421	27,792,196	(25,967,775)		364,841	31,357,693	(30,992,852)
-	-	-		102,611	4,434,186	(4,331,575)
33,225,945	38,428,810	(5,202,865)		45,488,226	61,793,098	(16,324,872)
78,054,028	80,484,813	(2,430,785)		74,193,626	100,188,601	(25,994,975)
465	41,839,271	(41,838,806)		15,014,662	51,004,008	(35,989,346)
143,925,175	118,365,313	25,559,862		188,709,284	191,022,328	(2,313,044)
441,405,106	388,517,185	52,887,921		513,408,343	459,006,655	54,401,688
1,277,706,941	1,147,699,557	130,007,384		1,500,426,458	1,390,193,807	110,232,651
57,076,181	57,076,181	-		57,391,200	57,391,200	-
1,220,630,760	1,090,623,376	130,007,384		1,443,035,258	1,332,802,607	110,232,651
		-				-
		130,007,384				110,232,651

RUSTENBURG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008 - MUNICIPALITY

REVENUE	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Property rates (see note 17)	96,188,315	94,215,000	1,973,315	2.1%	
Service charges (see note 18)	719,786,114	765,943,300	(46,157,186)	-6.0%	
Rental of facilities and equipment	4,547,078	5,872,076	(1,324,998)	-22.6%	Rent from Kloof Holiday resort lower due to reduction of monthly rent payable to the Municipality
Interest earned - external investments	64,351,217	38,357,120	25,994,097	67.8%	Investment rates increased and unspent conditional grants increased, resulting in more interest earned than budgeted
Interest earned - outstanding debtors	50,270,514	30,000,000	20,270,514	67.6%	Outstanding debtors increased and the Municipality increased the interest rate on outstanding debtors in line with market trends
Fines	3,225,523	2,319,980	905,543	39.0%	A positive trend when measured against reduced budget in adjustment budget. Income from fines lower than in previous years
Dividends	12,871	-	12,871	100.0%	
Licenses and permits	6,012,255	6,580,207	(567,952)	-8.6%	
Income from agency services	9,014,448	11,002,000	(1,987,552)	-18.1%	Lower than budgeted income. Municipality should be concerned, as customers now utilize services from surrounding Municipalities
Government grants and subsidies	419,680,414	473,919,707	(54,239,293)	-11.4%	NWPG reduced allocation of housing subsidy to Municipality
Other income (see note 20)	31,688,896	22,213,564	9,475,332	42.7%	
Gains on disposal of property, plant and equipment	7,518,244	3,500,000	4,018,244	114.8%	Mainly more stands sold in Geelhoupark X6 than budgeted
Less: Income forgone	(2,129,672)	(6,135,200)	4,005,528	-65.3%	Decrease in the number of registered indigents
Total Revenue	1,410,177,217	1,447,797,764	(37,620,537)	-2.6%	
EXPENDITURE					
Executive & Council	169,552,395	170,122,032	569,637	0.3%	
Finance & Admin	69,089,671	78,828,453	9,738,782	12.4%	Positive variance on cost as a result of vacancies. The negative impact on financial management negates any positive variance.
Planning & Development	21,585,356	22,728,167	1,142,811	5.0%	
Health	7,977,752	8,185,767	208,015	2.6%	
Community & Social Services	22,960,164	24,291,102	1,330,938	5.5%	
Housing	141,754,691	288,692,647	146,937,956	50.9%	North West Provincial Government stopped housing subsidies to the municipality, resulting in substantial lower expenditure
Public Safety	44,323,804	46,779,177	2,455,373	5.2%	
Sport & Recreation	31,357,693	32,783,603	1,425,910	4.3%	
Environmental Protection	4,434,186	3,163,896	(1,270,288)	-40.1%	The over expenditure is as a result of assets purchased, resulting in a substantial depreciation charge.
Waste Management	56,053,978	56,322,807	268,829	0.5%	
Waste Water Management	58,150,438	54,879,232	(3,271,206)	-6.0%	
Road Transport	51,004,008	51,697,496	693,488	1.3%	
Water	171,769,222	168,939,975	(2,829,247)	-1.7%	
Electricity	441,788,295	502,860,594	61,071,299	12.1%	Lower consumption, mainly by Xstrata (R40 million), resulted in lower bulk purchases of electricity.
Total Expenditure	1,291,802,653	1,510,272,950	218,470,297	14.5%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	118,374,564	(62,475,196)	180,849,760		

RUSTENBURG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008 - RUSTENBURG WATER SERVICES TRUST

REVENUE	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Property rates (see note 17)	-	-	-	0.0%	
Service charges (see note 18)	71,243,453	72,840,896	(1,597,443)	-2.2%	Variance is only volume related - less volumes sold than budgeted
Rental of facilities and equipment	-	-	-	0.0%	
Interest earned - external investments	3,548,301	2,275,400	1,272,901	55.9%	Higher interest rates than budgeted and better cash flow in than anticipated when budgeting
Interest earned - outstanding debtors	-	-	-	0.0%	
Fines	-	-	-	0.0%	
Dividends	-	-	-	0.0%	
Licenses and permits	-	-	-	0.0%	
Income from agency services	-	-	-	0.0%	
Government grants and subsidies	-	-	-	0.0%	
Other income (see note 20)	-	-	-	0.0%	
Gains on disposal of property, plant and equipment	-	-	-	0.0%	
Less: Income forgone	-	-	-	0.0%	
Total Revenue	74,791,754	75,116,296	(324,542)	-0.4%	
EXPENDITURE					
Executive & Council	-	-	-	0.0%	
Finance & Admin	-	-	-	0.0%	
Planning & Development	-	-	-	0.0%	
Health	-	-	-	0.0%	
Community & Social Services	-	-	-	0.0%	
Housing	-	-	-	0.0%	
Public Safety	-	-	-	0.0%	
Sport & Recreation	-	-	-	0.0%	
Environmental Protection	-	-	-	0.0%	
Waste Management	-	-	-	0.0%	
Waste Water Management	22,199,200	23,554,090	1,354,890	5.8%	Variance is only volume related - less volumes processed than budgeted
Road Transport	-	-	-	0.0%	
Water	60,734,467	57,992,712	(2,741,755)	0.0%	Variance due to actual depreciation being more than budgeted
Electricity	-	-	-	0.0%	
Total Expenditure	82,933,667	81,546,802	(1,386,865)	-1.7%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(8,141,913)	(6,430,506)	(1,711,407)		

**RUSTENBURG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008 - MUNICIPALITY**

	2008 Actual	2008 Under Construction	2008 Total Additions	2008 Budget	2008 Variance	2008 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	763,350	-	763,350	2,869,882	2,106,532	73.4%	Low spending on Regional Community Centers
Finance & Admin	14,127,110	-	14,127,110	1,821,884	(12,305,226)	-675.4%	
Planning & Development	4,159,439	-	4,159,439	10,264,861	6,105,422	59.5%	No expenditure on Phatsima Agricultural project
Health	535,504	-	535,504	-	(535,504)	-100.0%	
Community & Social Servi	8,450,062	-	8,450,062	10,318,473	1,868,411	18.1%	Under spending on Air Conditioning and Chiller Plant at Civic Centre
Housing	153,816	-	153,816	174,000	20,184	11.6%	LDV purchased at lower than budgeted amount
Public Safety	9,093,789	-	9,093,789	11,653,897	2,560,108	22.0%	Several budgeted projects not implemented
Sport & Recreation	7,603,543	-	7,603,543	9,159,728	1,556,185	17.0%	Under spending on sport facilities at Robega, Paardekraal and Thabane
Environmental Protection	3,919,650	-	3,919,650	4,020,811	101,161	2.5%	
Waste Management	2,561,973	-	2,561,973	4,971,877	2,409,904	48.5%	No spending on new depot (Waste Compactors)
Waste Water Management	32,776,650	-	32,776,650	52,147,267	19,370,617	37.1%	No spending on VIP toilets at Maumong, Lefaragathe and Ikageng
Road Transport	40,480,163	-	40,480,163	75,961,196	35,481,033	46.7%	Actual expenditure on 5 projects lower than budgeted
Water	34,880,661	-	34,880,661	63,927,828	29,047,167	45.4%	Actual expenditure on 6 projects lower than budgeted
Electricity	51,656,882	-	51,656,882	61,524,833	9,867,951	16.0%	
Other	-	-	-	2,080,022	2,080,022	0.0%	
TOTAL	211,162,592	-	211,162,592	310,896,559	99,733,967	32.1%	

**RUSTENBURG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008 - RUSTENBURG WATER SERVICES TRUST**

	2008 Actual	2008 Under Construction	2008 Total Additions	2008 Budget	2008 Variance	2008 Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	-	-	-	-	-	0.0%	
Finance & Admin	-	-	-	-	-	0.0%	
Planning & Development	-	-	-	-	-	0.0%	
Health	-	-	-	-	-	0.0%	
Community & Social Services	-	-	-	-	-	0.0%	
Housing	-	-	-	-	-	0.0%	
Public Safety	-	-	-	-	-	0.0%	
Sport & Recreation	-	-	-	-	-	0.0%	
Environmental Protection	-	-	-	-	-	0.0%	
Waste Management	-	-	-	-	-	0.0%	
Water	-	-	-	-	-	0.0%	
Road Transport	-	-	-	-	-	0.0%	
Water	3,274,091	-	3,274,091	-	(3,274,091)	-100.0%	Final construction cost due to Murray and Roberts, funded from deposit account
Electricity	-	-	-	-	-	0.0%	
Other	-	-	-	-	-	0.0%	
TOTAL	3,274,091	-	3,274,091	-	(3,274,091)	-100.0%	

RUSTENBURG LOCAL MUNICIPALITY

DISCLOSURES IN TERMS OF SECTION 123 OF THE MFMA: GRANTS AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2008 - MUNICIPALITY

APPENDIX F

Name of Grant	Transferring organ of state or municipal entity	Quarterly receipts R				Quarterly expenditure R				Delayed and / or withheld	Reason for delay/withholding of funds	Did the municipality comply with the grant conditions as set out in the latest Division of Revenue Act	Reason for non-compliance
		September	December	March	June	September	December	March	June				
Business Advice Centre	ANGLO	763,232	-	-	36,104	6,370	47,511	16,825	43,530	No	Not applicable	Yes	N/a
Rustenburg Arbor Week : Grant Anglo	ANGLO	20,000	-	-	-	-	2,640	-	-	No	Not applicable	Yes	N/a
City Development Agency	DBSA	-	-	-	-	14,080	-	-	-	No	Not applicable	Yes	N/a
IDP Grant	DLM	-	-	-	-	17,000	69,856	40,244	31,735	No	Not applicable	Yes	N/a
Infrastructure Grants-BPDM	DLM	-	-	-	9,334,121	2,681,052	4,111,218	857,522	1,584,328	No	Not applicable	Yes	N/a
Cleaning of cemeteries: BPDM Grant	DLM	-	-	-	-	-	-	221,540	-	No	Not applicable	Yes	N/a
Grant, DLM - LED Business Plans	DLM	-	-	-	-	-	162,100	-	-	No	Not applicable	Yes	N/a
Department Of Minerals & Energy - DME	DME	-	-	-	-	11,640	1,198,931	1,304,284	9,280,917	No	Not applicable	Yes	N/a
Equitable share	DPLG	32,444,081	24,333,061	40,555,102	-	32,444,081	24,333,061	40,555,102	-	No	Not applicable	Yes	N/a
Housing	DPLG	-	-	101,776,623	35,888,632	-	-	101,776,623	35,888,632	No	Not applicable	Yes	N/a
Financial Management Grant	DPLG	250,000	-	-	-	-	163,768	16,283	14,802	No	Not applicable	Yes	N/a
IMMIS Conditional Grant	DPLG	-	-	-	-	-	4,803	109,390	-	No	Not applicable	Yes	N/a
Municipal Systems Improvement	DPLG	-	-	-	-	-	-	153,450	-	No	Not applicable	Yes	N/a
Subsidy Health Service	DPLG	-	542,000	523,185	-	-	-	-	-	No	Not applicable	Yes	N/a
Department of Sports, Arts and Culture	DSAC	-	-	-	151,298	-	797,562	735,160	1,277,366	No	Not applicable	Yes	N/a
Rustenburg Greening Strategy: DWAF	DWAF	-	-	-	-	29,737	24,980	-	25,350	No	Not applicable	Yes	N/a
Grant: PMU	MIG	-	-	-	-	-	-	-	3,583,521	No	Not applicable	Yes	N/a
Municipal Infrastructure Grant - MIG	MIG	-	59,565,503	53,082,025	-	18,499,960	14,673,815	14,596,957	23,286,494	No	Not applicable	Yes	N/a
Library, Information & Educational Network	Mines	-	-	-	-	-	-	-	-	No	Not applicable	Yes	N/a
2010 FIFA - WSDP Grant	National Government	-	18,748,538	53,465,991	-	-	26,616,966	36,316,695	13,281,339	No	Not applicable	Yes	N/a
Grants and Subsidy	NWPG	-	448,702	-	-	285,063	7,250	6,724	11,470	No	Not applicable	Yes	N/a
Integrated Transport Study	PDT	-	-	-	-	632,128	604,036	596,158	180,813	No	Not applicable	Yes	N/a
Department of Transport Infrastructure and Systems	PTISG	-	-	-	33,000,000	214,348	10,123	822,532	1,225,954	No	Not applicable	Yes	N/a
LG Seta	SETA	-	375,463	182,201	90,000	36,180	-	-	-	No	Not applicable	Yes	N/a
Skills Levy	SETA	23,040	-	-	-	374,781	364,396	379,800	390,158	No	Not applicable	Yes	N/a
Main Library: Books	Standard Bank	-	-	-	-	-	-	-	3,247	No	Not applicable	Yes	N/a
Tribal Authority Grant - TAG	TAG	-	-	-	1,484,744	869,760	594,984	-	-	No	Not applicable	Yes	N/a
Umsobomvu Youth Fund	UYF	-	-	-	-	-	-	-	-	No	Not applicable	Yes	N/a
		33,500,353	104,013,267	249,595,126	93,632,899	56,116,183	73,782,001	198,605,298	90,124,666				

APPENDIX F

[illegible]